

Confidential



Shin Kong Financial Holding

Company Overview

June 2010

Disclaimer

This presentation and the presentation materials distributed herewith include forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that Shin Kong Financial Holding Company (“Shin Kong FHC”) expect or anticipate will or may occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements. Shin Kong FHC’s actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, market shares, competition, changes in legal, financial and regulatory frameworks, international economic and financial market conditions, political risks, cost estimates and other risks and factors beyond our control. In addition, Shin Kong FHC makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements.

Figures in this presentation and the presentation materials distributed herewith are numbers reviewed by the auditors.

Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. Appendix

- Market opportunities
- SKL Premium
- One-off losses of CDO & CBO investment
- EV & AV Result
- SKL China Development Strategy
- Other Information

Who We Are

- Major financial holding company in Taiwan
 - Subsidiaries including life insurance, bank, securities, asset management, and insurance brokerage
 - 3rd largest life insurer with 7.4% market share
 - 10th largest private bank with 105 branches
- One of the few FHCs in Taiwan with significant presence in both insurance and banking

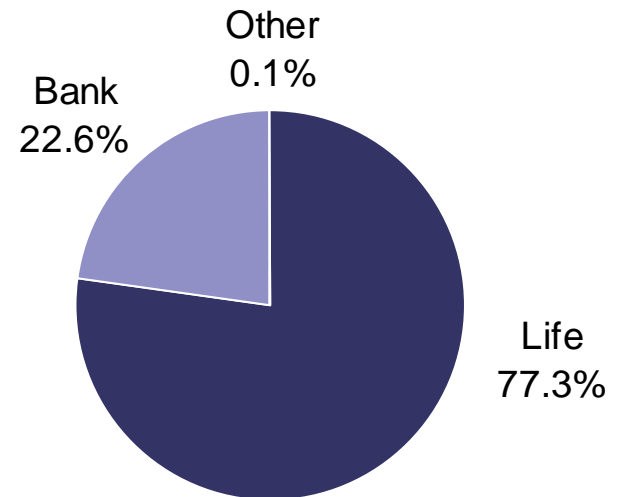
Financial Overview

NT\$bn	2007	2008	2009
Total Assets	1,688.1	1,740.2	1,902.1
Shareholders' Equity	100.1	56.2	92.7
Market Value	112.6	55.7	104.6
Net Income ⁽¹⁾	5.0	-21.0	1.1
ROA	0.34%	-1.27%	0.14%
ROE	5.33%	-28.44%	2.97%
Foreign Ownership	20.4%	22.6%	29.93%

Note:

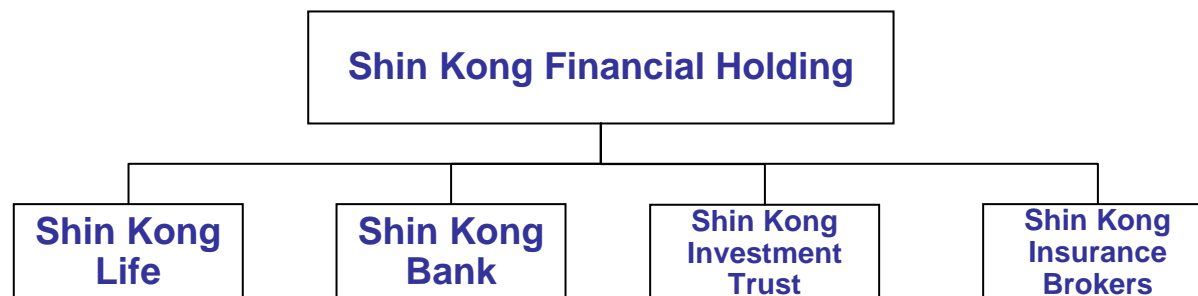
(1) Excludes minority interest income

2009 Asset Mix



Corporate Structure

Unique Integrated Financial Services Platform



	Shin Kong Life	Shin Kong Bank	Shin Kong Investment Trust	Shin Kong Insurance Brokers
Date of Incorporation	7/1963	1/1997	9/1992	1/2003
Assets (NT\$bn)	1,445.26	422.86	0.71	0.11
% of Group Assets	77.3%	22.6%	<0.1%	<0.1%
Earnings (NT\$m)	106	560	22	40
Branches/Offices	343	105	3	1
Market Share	7.4%	1.4%	1.7%	-

Seasoned Management Team



**Hsu,
Victor**

President & Spokesperson,
Shin Kong Financial Holding

Experiences:

- First Vice President, Shin Kong Financial Holding
 - CFO, Shin Kong Life
- Membership & others:
- Director, Life Insurance Association of R.O.C.
 - Member, Financial Holding Business Committee



**Pan,
Po Tseng**

President, Shin Kong Life

Experiences:

- SEVP, Shin Kong Life
- Membership & others:
- Director, Life Insurance Association of R.O.C.
 - Director, Insurance Society of R.O.C.
 - Director, Institute for Life Insurance Safety Fund



**Chen,
Cheng Luan**

President, Shin Kong Insurance Brokers

Experiences:

- AVP, Shin Kong Life



**Lai,
Chin Yuan**

President, Shin Kong Bank

Experiences:

- SEVP & President of Asia-Pacific market, Mega Bank
- SEVP & General Manger of Taichung Branch, ICBC
- Director of Waterland Financial Holdings
- Director of R.O.C. Bills Finance Association



**Huang,
Richard**

President, Shin Kong Investment Trust

Experiences:

- Vice President, Shin Kong Investment Trust

Strong Track Record of Attracting and Integrating Outside Talent



**Yung,
Winston**

CFO, Shin Kong Financial Holding
CFO, Shin Kong Life

Experiences:

- Deputy CFO, Shin Kong Financial Holding
- Associate Principal, McKinsey & Co.
- Manager, Finance and Administration, Royal Insurance (Taiwan)



**Chu,
Grace**

CRO, Shin Kong Financial Holding
CRO, Shin Kong Life

Experiences:

- Senior Vice President, Taiwan International Securities Company
- Co-Chair, Risk Control Committee, Taiwan Securities Association
- Executive Vice President, Taiwan Ratings Corporation



**Lin,
Han Wei**

VP, Actuarial & Planning Department,
Shin Kong Life

Experiences:

- Assistant Actuary, New York Life (USA)
- Director and Actuary, Lincoln Financial Group (USA)
- FSA
- MAAA
- CFA



**Chen,
Dennis**

Chief Information Officer,
Shin Kong Financial Holding
Chief Information Officer,
Shin Kong Life

Experiences:

- Director, Core Banking Business, Unisys Limited
- Director, e-Business, Electronic Data Systems



**Lin,
Sunny**

VP, Wealth Management, Shin Kong Bank

Experiences:

- SVP, Wealth Management, Fuhwa Bank
- AVP, Int'l Private Client Group, Merrill Lynch (Taiwan)
- AVP, Personal Banking Center, Citibank, N.A. (Taiwan)

Sound Policies and Practices to Ensure Proper Corporate Governance

Board Control

- Increasingly diversified shareholding structure with ~20% foreign ownership and ~2% employee ownership
- 3 independent non-executive Board directors appointed in 2008
 - Chi-Shih Cheng: Former Head of Insurance Bureau, Ministry of Finance
 - Masao Tsuji: Chairman of the Japan Securities Investment Advisers Association
 - Wen-Chi Wu: Professor at the Chihlee Institute of Technology

Legal Compliance

- Appointed Compliance Officer to further strengthen internal risk control and legal compliance
- Compliance officer is appointed by the Board and reports to the FHC President; he submits a report to the Board on a half-yearly basis

Internal Audit

- Chief Auditor reports directly to the Board
- One business audit every year
- One finance, risk management and compliance audit every half year

Disclosure

- Spokesperson and Deputy spokesperson appointed
- Upload information to public information website regularly
- Dedicated IR team established to respond to investor questions
- Quarterly result meeting to update media / investors on operational performance

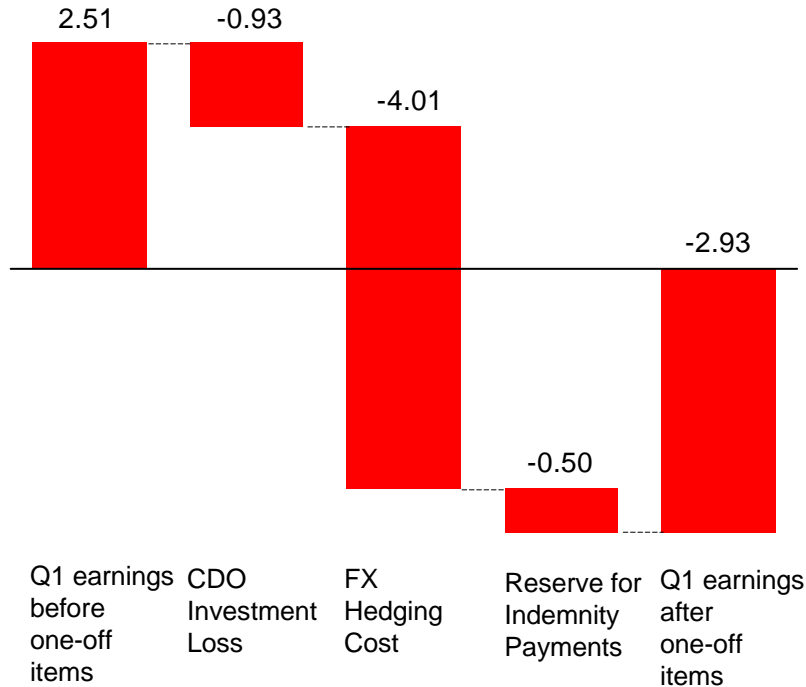
SKFH – Q1 2010 Overview

- Fundamentals of the economy continue to improve despite volatilities in the equity and foreign exchange markets.
- SKFH recorded after-tax loss of NT\$2.93bn in Q1 2010. Excluding one-off items such as CDO investment loss (NT\$0.93bn), foreign exchange hedging cost (NT\$4.01bn) and reserve for indemnity payments (NT\$0.50bn), profit would have been NT\$2.51bn.
- Excluding capital losses, revenues steadily grew
 - Despite foreign exchange and other one-off losses, interest income for SKL increased 17.1% YoY and 12.9% QoQ.
 - Net interest income and net fee income for SKB increased 45.4% and 49.4% YoY respectively.
- Control of expenses remained tight
 - SKL: Operating expenses were 12.4% lower year-on-year
 - SKB: Operating expenses decreased 3.6% year-on-year
- Much stronger capital situation than last year and concrete plans in place to strengthen capital even further
 - Consolidated shareholders' equity of SKFH was NT\$87.77bn, 56.6% higher YoY
 - Shareholders' equity of SKL was NT\$50.81bn, 111.9% higher YoY
 - NT\$5bn proceeds from the liquidation of SKSC will be injected into SKL
 - SKL and SKB to issue hybrid tier-1 securities in the amount of NT\$3-6bn
 - Disposal of Hannover Technology Building, NeiHu District, Taipei
- Embedded Value (EV) and Appraisal Value (AV) significantly increased
 - EV was NT\$110.1bn, 36.4% higher than 2008; VNB grew 22.2% to NT\$13.1bn despite lower FYP in 2009 compared to 2008
 - 5-year New Business AV was NT\$158.4bn, 34.4% higher than 2008

Net Income – Q1 2010

Group net income

NT\$bn



Net income contribution

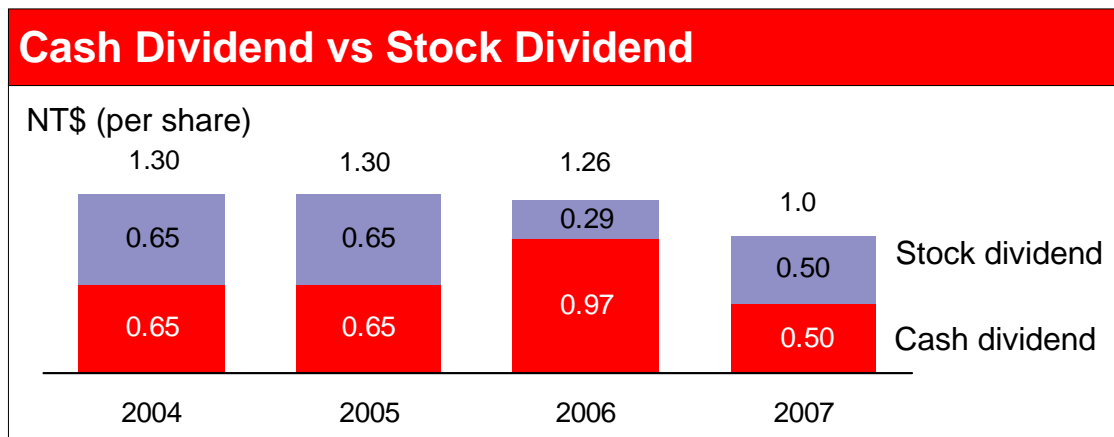
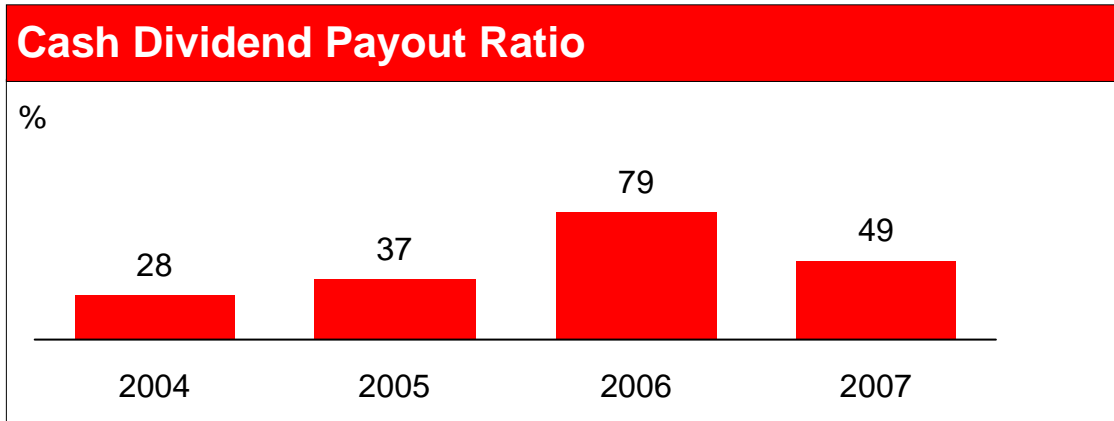
NT\$bn

Subsidiaries	Q1 10	Q1 09
Shin Kong Life	-3.36	-1.03
Shin Kong Bank	0.35	0.17
Shin Kong Securities	0.06	0.08
Shin Kong Investment Trust	0.01	0.00
Shin Kong Insurance Brokers	0.02	0.02
Others ⁽¹⁾	-0.01	0.12
Net income	-2.93	-0.64

Note:

(1) Include other income of SKFH, income taxes, and profit from MasterLink Securities

Dividend Distribution



Comment

- Due to loss in 2008, no dividend is declared for the year
- Long-term goal is to increase cash payout ratio and percentage of cash dividend

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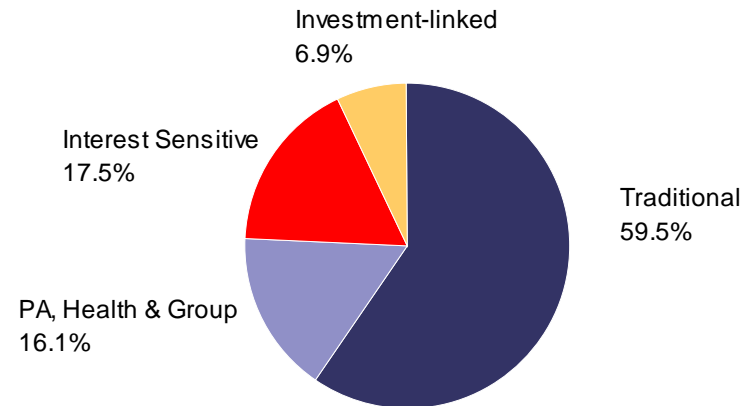
Shin Kong Life

- 3rd largest life insurer in Taiwan with 7.4% market share and 3 million customers
- Strong distribution network with 12,000 agents, 343 sales offices and bancassurance relationships with over 20 banks
- Offer a wide range of life insurance products, including traditional life, accident and health, interest-sensitive and investment-linked products

Financial Overview

NT\$bn	2007	2008	2009
Total Premium	215.9	201.9	176.9
Net Income	2.4	-19.74	0.11
Total Assets	1,229.2	1,301.3	1,445.3
Shareholders' Equity	60.0	24.8	57.0
ROE ⁽¹⁾	3.68%	-48.59%	0.26%
ROA	0.21%	-1.56%	0.01%

2009 Total Premium Written



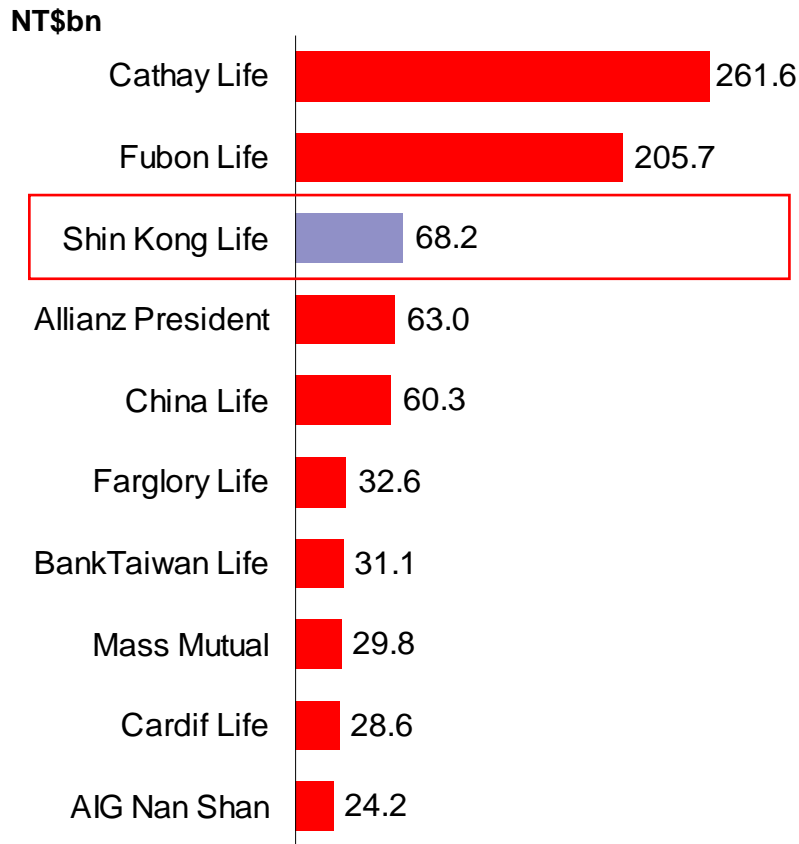
Total Premium Written: NT\$176.9bn

Note:

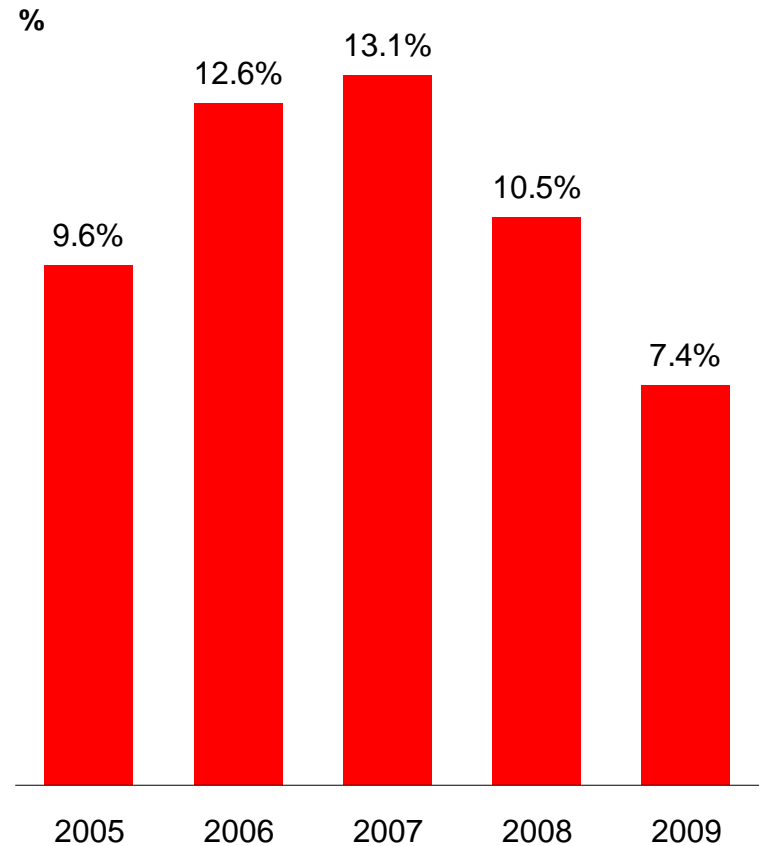
(1) Excludes preferred shares

Shin Kong Market Share

FYP of Top 10 Players – 2009



Shin Kong FYP Market Share Over Time



Awards and Recognition



Taiwan Superbrand (2006)
by Superbrands International



Information Disclosure A+
(2006, 2007, 2008, 2009)
by Securities & Futures Institute



Institutional Investor of the Year
(2006) by Finance Asia



Taiwan Capital Market Deal
(2009) by IFR Asia



National Quality Award
(2004) by MOEA



National Community Service Award (2007)
by Ministry of the Interior



Global Views Excellent Service Award (2008) by Taiwan Global Views Magazine



Best IR Website in Taiwan (2010) and **Top 5 Websites in Greater China** (2009) by IR Global Rankings

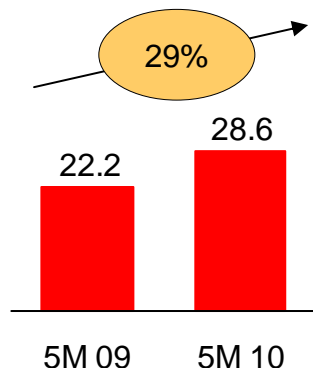
SKL – Q1 2010 Overview

- SKL recorded after-tax loss of NT\$3.36bn in Q1 2010 driven by NT\$0.93bn CDO investment loss, NT\$4.01bn foreign exchange hedging cost and NT\$0.50bn reserve for indemnity payments. Excluding one-off items, after-tax profit would have been NT\$2.08bn. ROE was -6.22%.
- FYP was NT\$15.47bn, down 12.6% YoY. To maintain reasonable profit margin, growth rate was lower than market growth of 22.1%. Market share was 5.7%.
- Sales were mainly contributed by traditional and interest-sensitive products, accounting for 22.4% and 69.3% of FYP respectively. Protection products were the focus of traditional sales vs single premium savings products in Q1 2009.
- New investment-linked product launched in the end of March has shown good sales momentum.
- 13-month persistency improved to 89.7%. 25-month persistency was 77.7%.
- Q1 annualized investment return was 2.4%.
- Shareholders' equity was NT\$50.81bn, up 111.9% YoY.

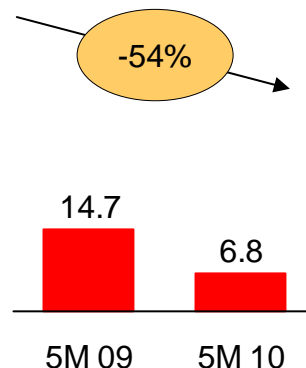
First Year Premium – 5M 2010

NT\$bn

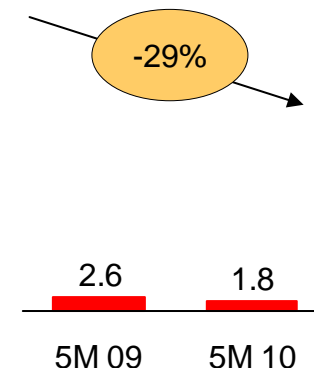
Market share 6.1%



Traditional



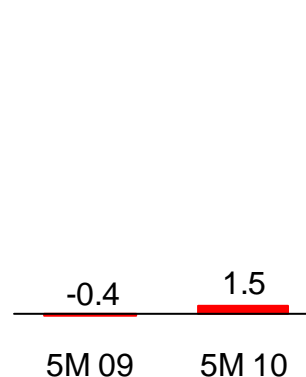
PA, Health and Group



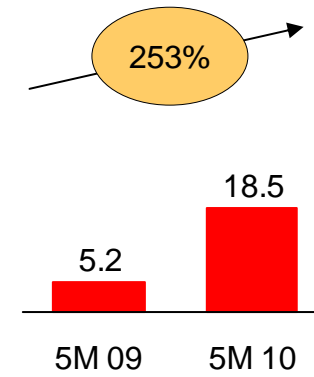
Comments

- To maintain reasonable profit margin, FYP growth was controlled at 28.9%
- Traditional and interest-sensitive products contributed most significant shares (23.6% and 64.6% respectively) of FYP
- Protection products were the focus of traditional sales vs single premium savings products in 5M 2009
- New investment-linked product launched in the end of March has shown good sales momentum

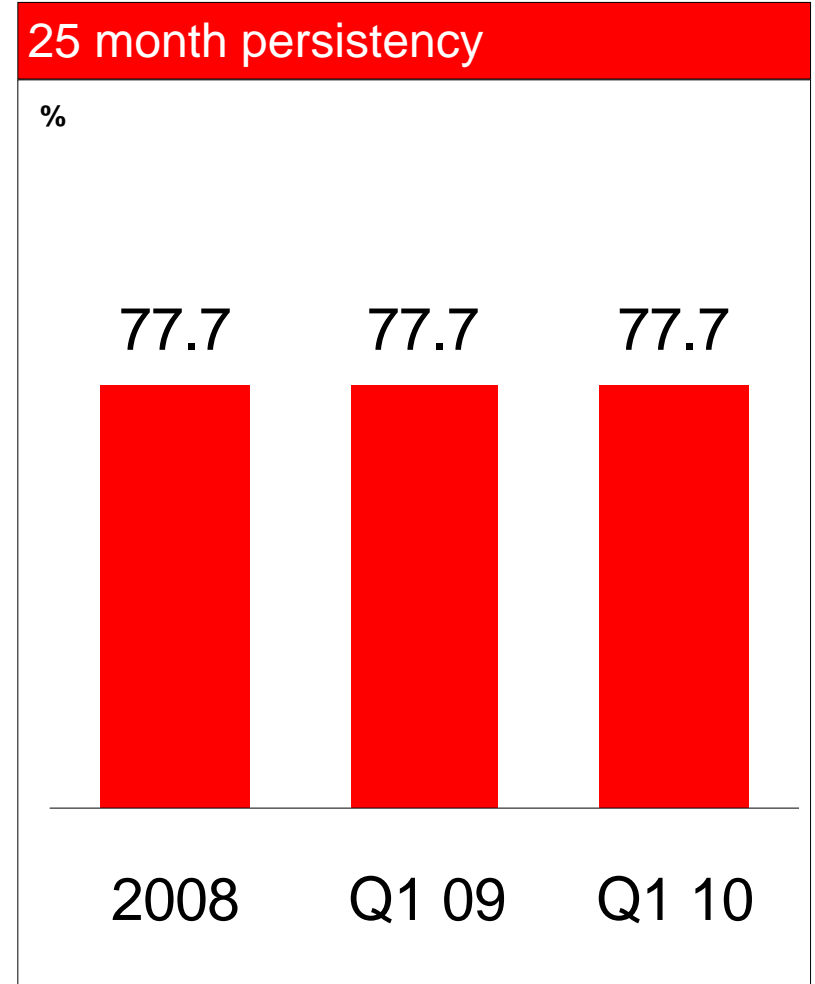
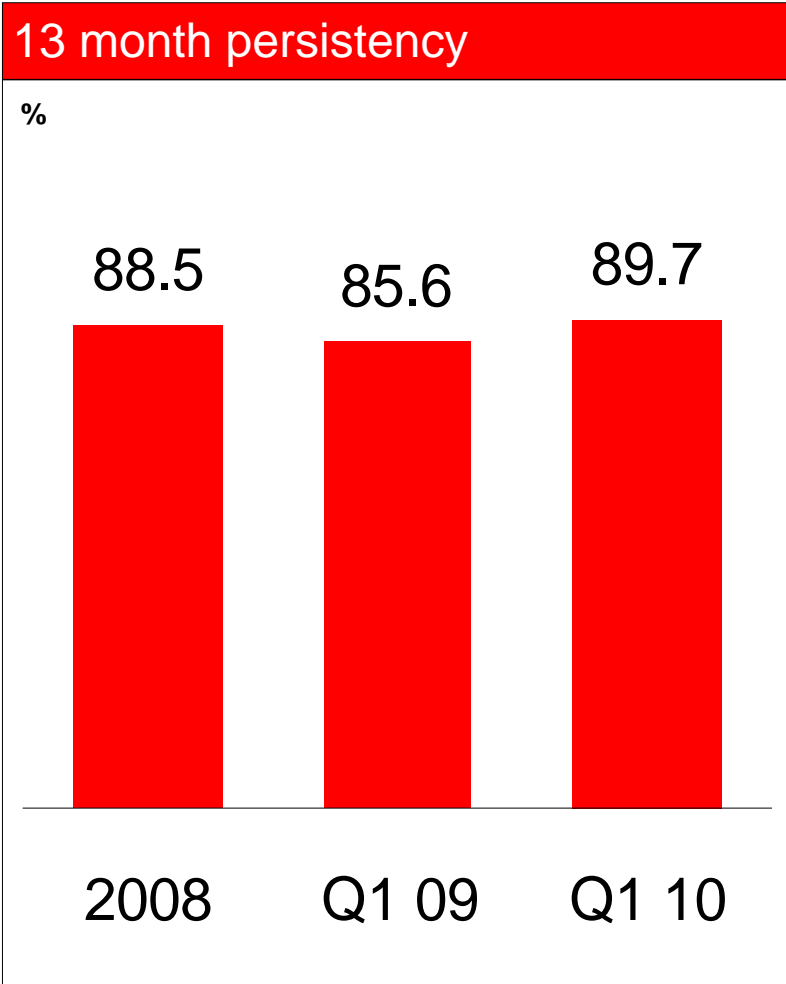
Investment-linked



Interest-sensitive



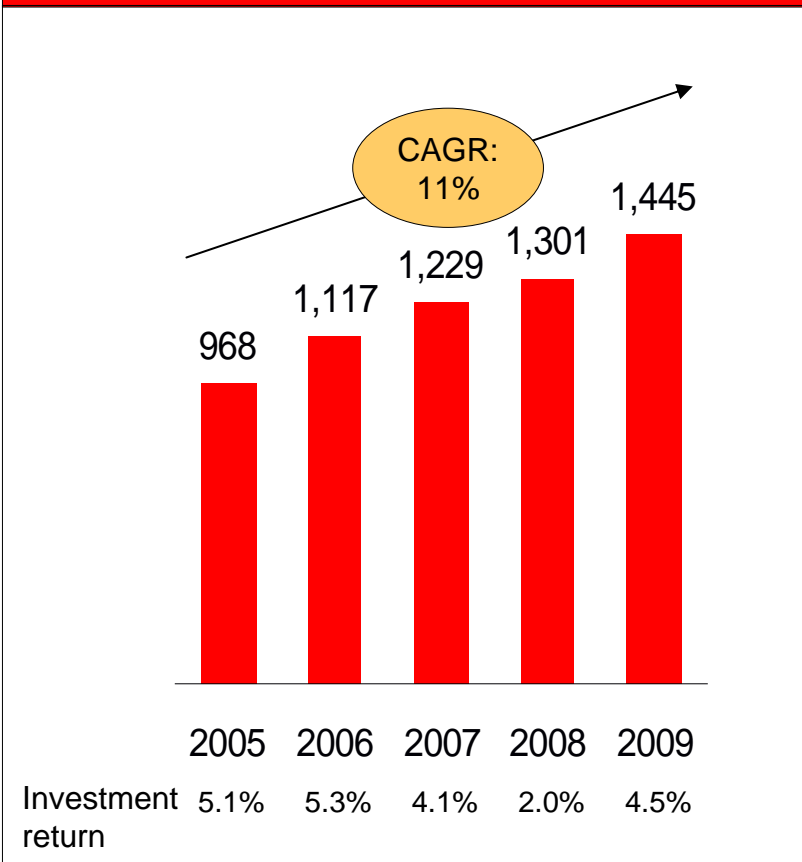
Persistency Ratio



Investment Portfolio

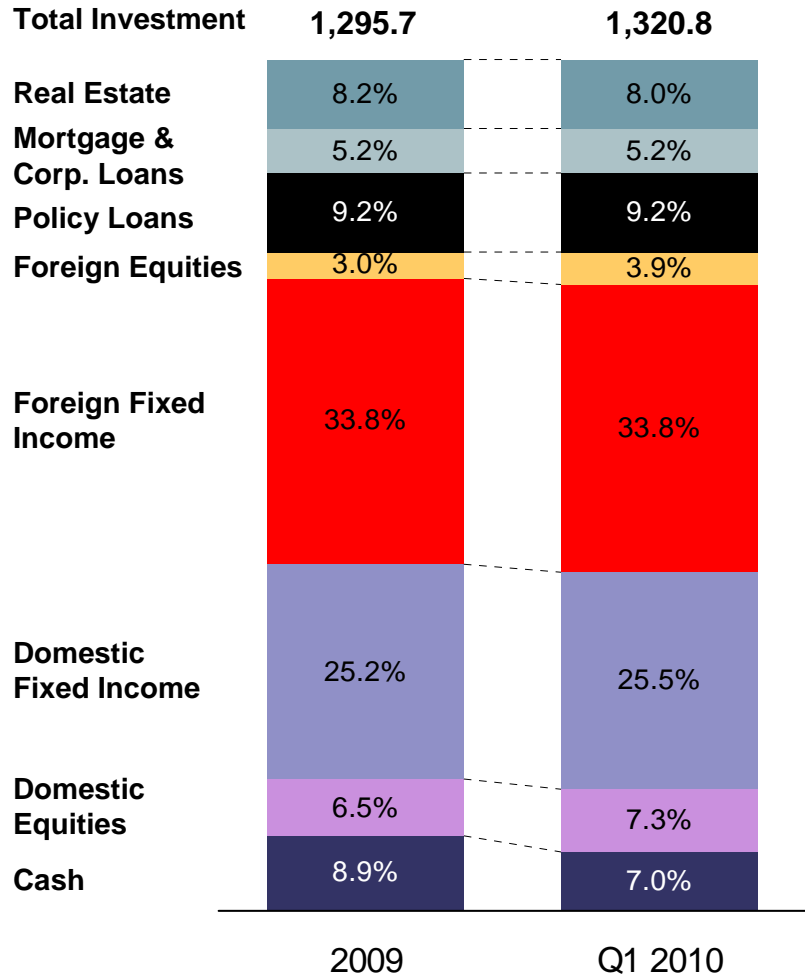
NT\$bn

Total Assets



Note:

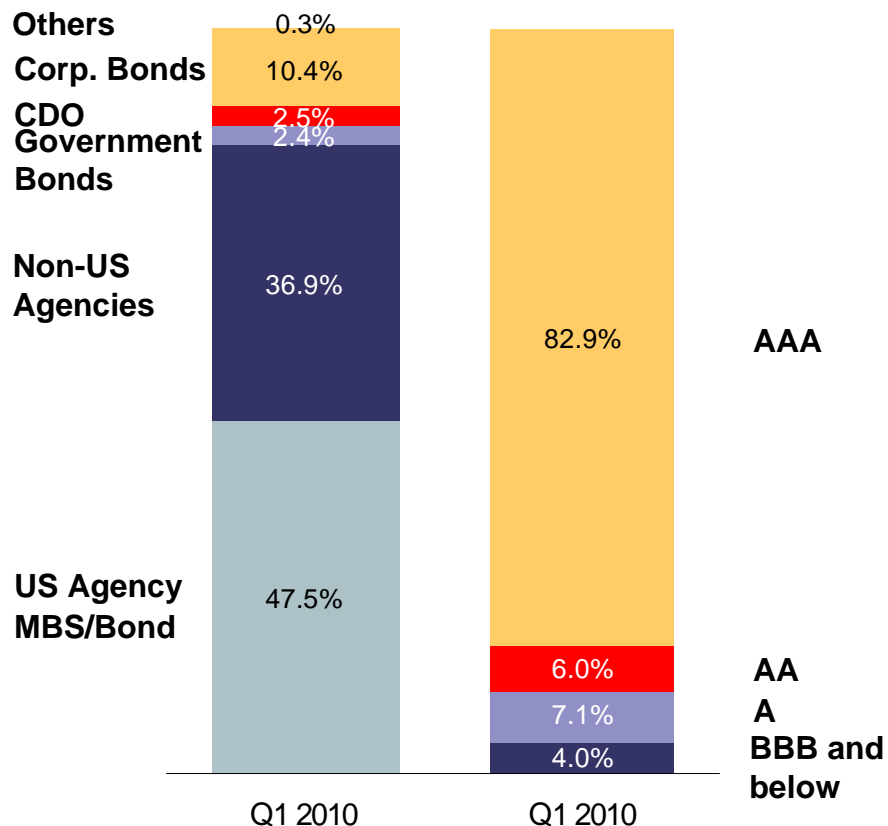
- (1) Due to rounding, asset allocation figures may not add up to 100%
- (2) Includes capital gains and FX hedging cost



Overseas Fixed Income Portfolio

Overseas Fixed Income Portfolio

Total=NT\$446.7bn



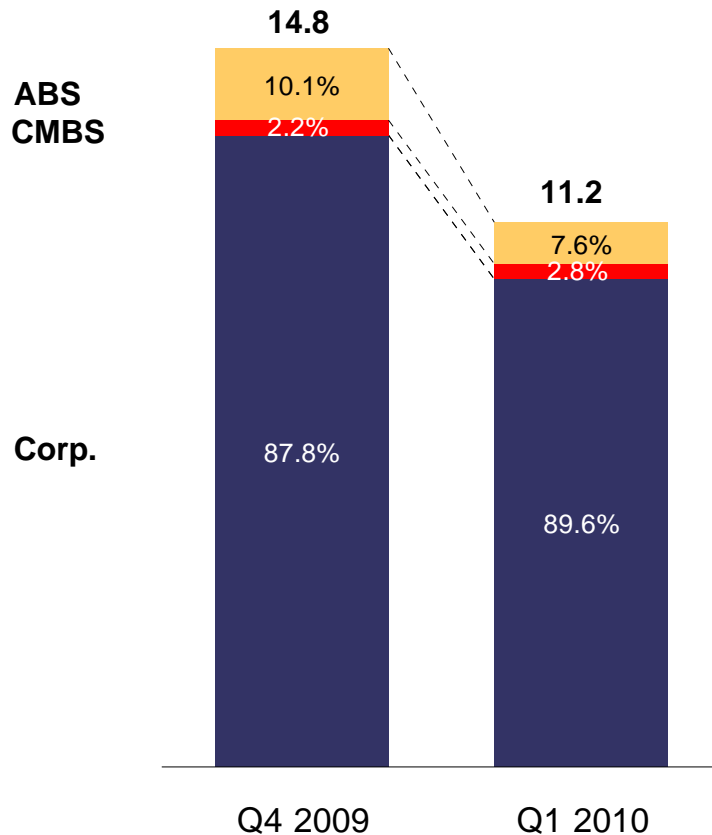
Comments

- Portfolio mainly comprises low risk investments such as government bonds, US Agency MBS/Bonds, and Non-US Agency Bonds
- AAA rated investments accounted for 82.9% of the portfolio. 96.0% of the portfolio is rated A and above. Overall credit risk exposure is very limited
- Corporate bond portfolio comprises leading investment grade names with stable credit quality (e.g., Johnson & Johnson, Philip Morris, Wal-Mart)

CDO Exposure

CDO Exposure

NT\$bn

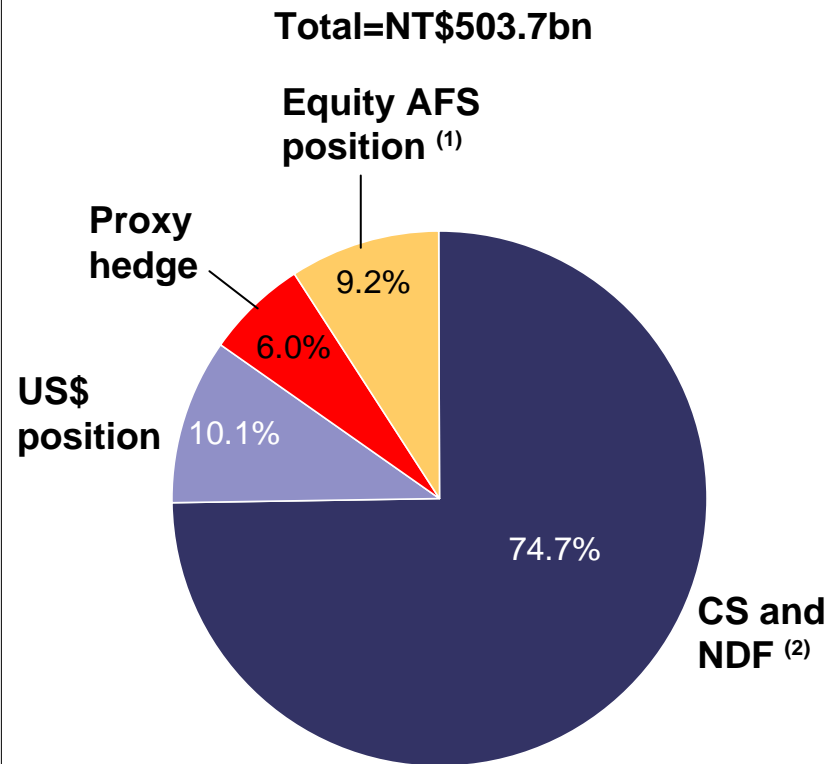


Comments

- Overall exposure decreased from NT\$14.81bn to NT\$11.18bn as CDOs matured in Q1 2010
- 7.6% of CDOs were referenced to Asset Backed Securities which consist of RMBS, CMBS, auto loans, etc.
- Accounting treatment is 'no active market'
- Policy is to conduct impairment test when there is significant deterioration in credit quality (downgrade by more than 5 notches or to non-investment grade). In Q1 2010, an NT\$0.93bn loss was recognized
- Due to deterioration in credit market, cumulative loss of NT\$1.78bn among corporate CDOs has been recorded. The company will proactively manage the portfolio and deploy necessary hedging strategies to minimize losses

Hedging Strategy

Mix of Hedging Strategies Used



Comments

- Share of traditional hedges controlled within the target range of 70~90%
- Proxy hedging increased to 6.0%
- Available for sale position in foreign equities accounted for 9.2% of the portfolio and was not marked to market in income statement

Note:

(1) Available for sale position

(2) Currency swaps and non-delivery forwards

Investment Strategy

Strong ALM Discipline

- Develop Strategic Asset Allocation based on liability profile and capital budget
- Build core portfolio of recurring income
- Achieve diversification and yield pick-up through overseas investments; obtained approval to increase overseas investment to 40%; currently operating between 35~40%

Well-diversified Portfolio

- Diversification by asset class (equity, credit, currency, commodity, real estate)
- Diversification by strategy for uncorrelated sources of alpha (quantitative, value, etc.)

Cost-effective Currency Hedging

- Target share of traditional hedges at 70~90% in the medium-long term
- Target hedging cost at 200 bps or below

Enhance Investment Risk Management

- Manage/ control investment risk by prudent SAA and TAA ranges
- Cooperated with leading consulting company to enhance investment processes and investment risk management
- The Algo system (a cross-subsidiary market risk management platform) will be completed in Q2 2010

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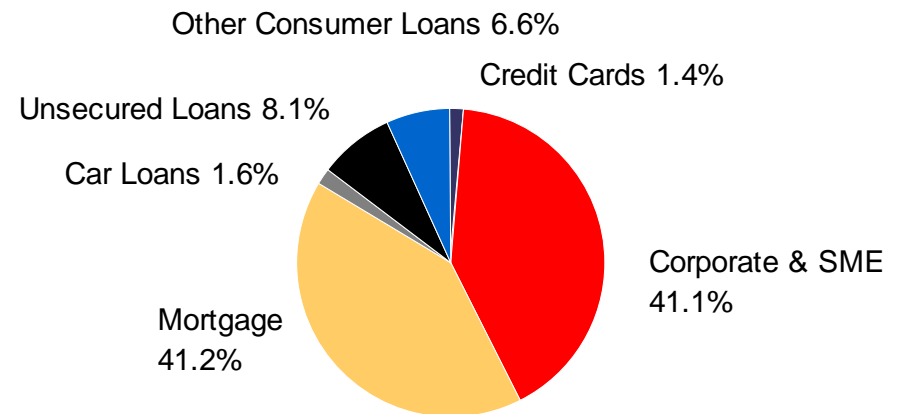
Shin Kong Bank

- 10th largest private bank in Taiwan
- Over 2 million customers and 1 million credit cards outstanding
- 105 branches with over 50 located in the Greater Taipei area
- Offer a wide range of banking products including credit cards, mortgages, auto loans, deposits, other consumer finance and corporate products
- Established a representative office in Ho Chi Minh City, Vietnam in 2007.

Financial Overview

NT\$bn	2007	2008	2009
Total Loans	280.34	283.99	287.03
Total Deposits	326.01	356.19	375.07
Net Income	1.42	0.23	0.56
Total Assets	385.66	404.03	422.86
Shareholders' Equity	21.23	20.61	22.26

2009 Loan Breakdown



Total Loan: NT\$287bn⁽¹⁾

Note:

(1) Includes credit cards revolving balance but excludes overdue receivables

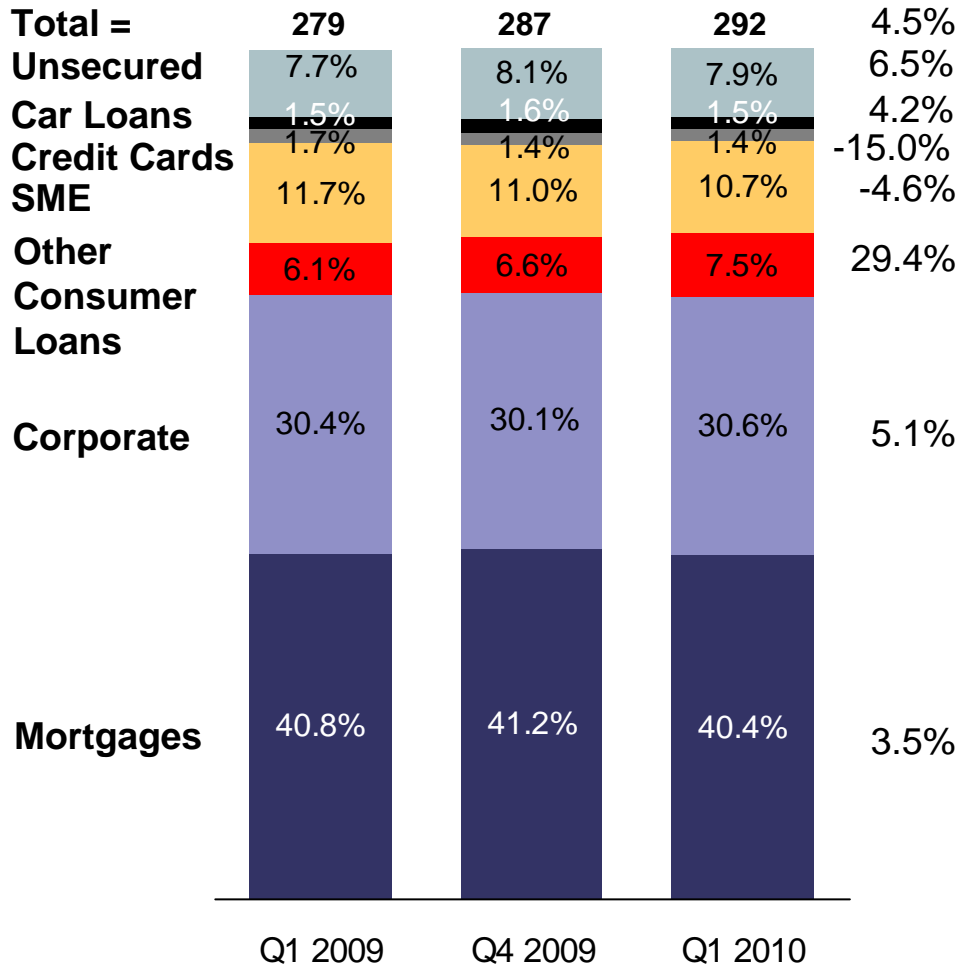
SKB – Q1 2010 Overview

- After-tax profit for Q1 2010 was NT\$347 million (up 101.6% year-on-year); pre-provision profit increased 13.6% year-on-year to NT\$831 million while provision expense went down 17.1% year-on-year to NT\$448 million.
- Loan balance increased 4.5% year-on-year. L/D ratio was 82.5% (incl. credit cards balance). To strike a better balance between risk and return, risk management has been strengthened.
- NIM improved from 1.54% in Q4 2009 to 1.60% in Q1 2010.
- Fee income from wealth management has recovered since Q2 2009 due to recovery in global markets. Fee income from wealth management for Q1 2010 was NT\$180 million (up 50.0% year-on-year). SKB achieved bancassurance cross-sales of NT\$4.90 billion in Q1 2010, accounting for 46.1% of SKL bancassurance premium.
- Credit card NPL ratio decreased to 0.92% and coverage ratio increased to 294.70%.
- 11,235 cases (amounting to NT\$924 million) were filed since implementation of the Consumer Debt Clearance Regulations till the end of Q1 2010; overall situation expected to be manageable. Monthly repayment rate of restructured loans remained stable; cumulative repayment rate was 52.33%.
- Asset quality improved with overall NPL and coverage at 1.27% and 92.64% respectively. NPL ratio for mortgages remained low at 0.58%.

Loan Mix

NT\$bn

YoY Growth

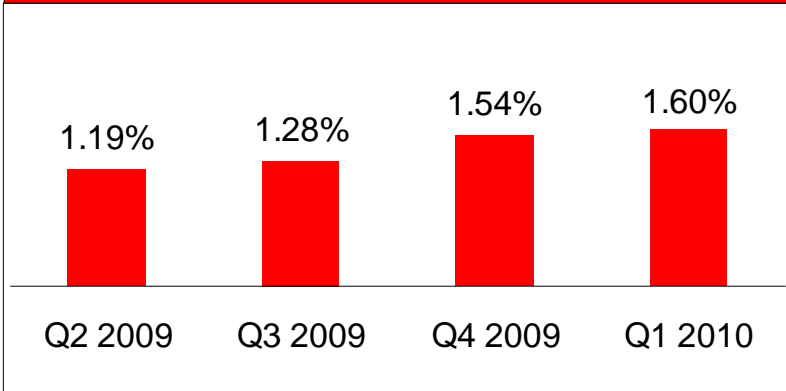


Comments

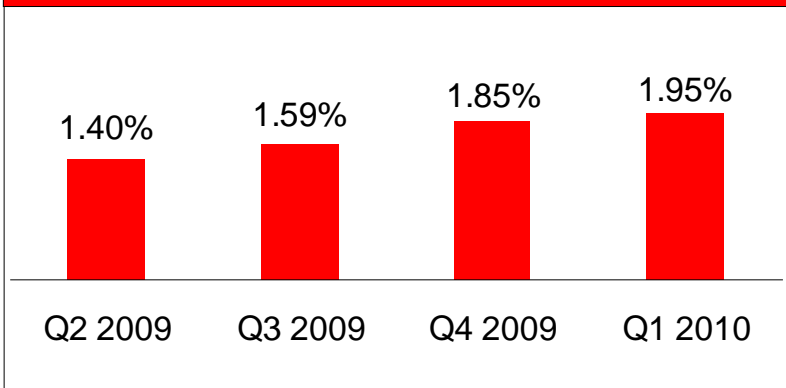
- Loan balance increased 4.5% year-on-year
- Despite stringent credit policies, mortgages achieved stable growth; maximum LTV ratio was 80% for urban planning areas and 60% for non-urban planning areas
- L/D ratio was 82.5% (incl. credit cards balance)

Interest Yield

Net Interest Margin



Net Interest Spread

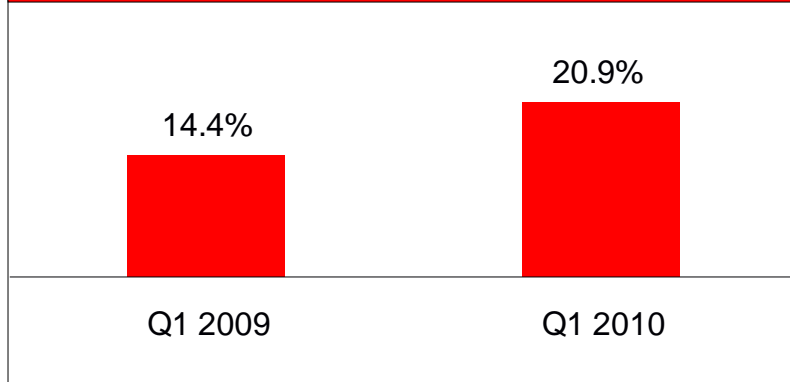


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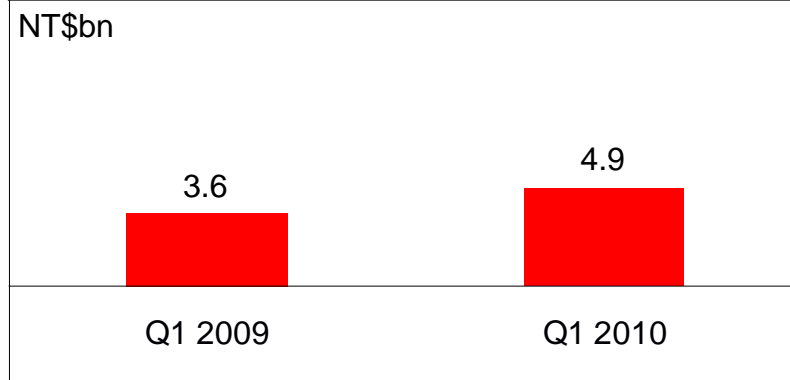
- As high rate deposits matured, NIM improved to 1.60% in Q1 2010
- Impact of Central Bank rate cuts was fully reflected in Q1 2010. NIM is expected to further increase when Central Bank raises rates
- SKB will continue to :
 - Develop cash management to increase demand deposits and lower cost of funds
 - Expand foreign exchange business and increase risk-free fee income from corporate customers, and
 - Develop SME and consumer loans with appropriate risk control to enhance interest income

Fee Income

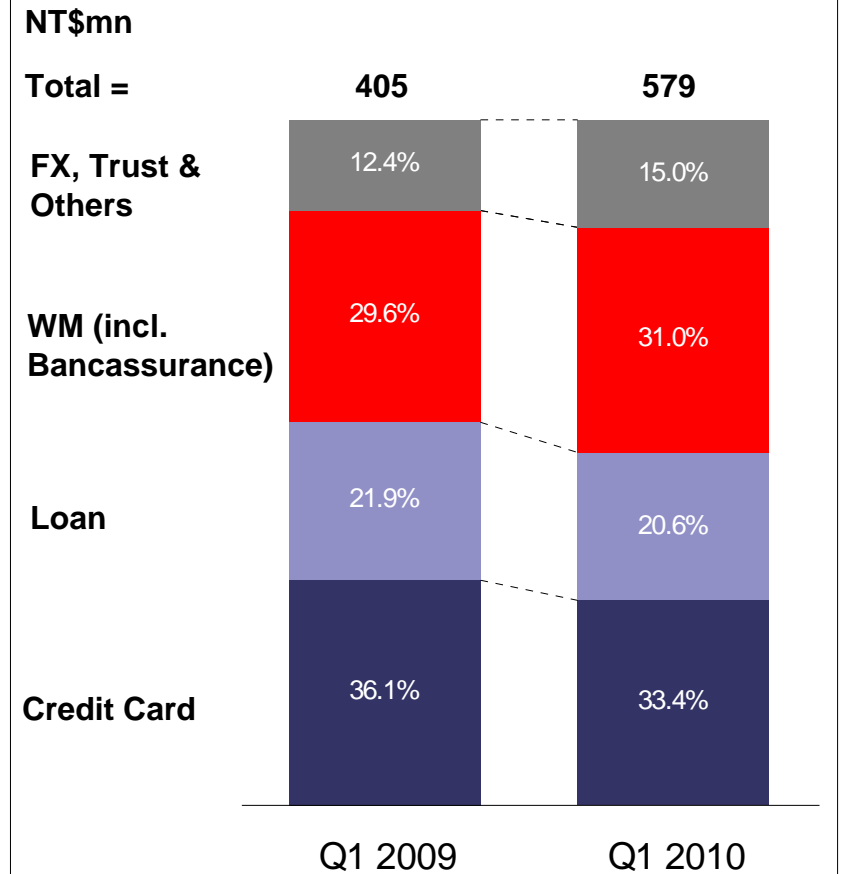
Net Fee Income / Total Income



Bancassurance (SKL) - FYP



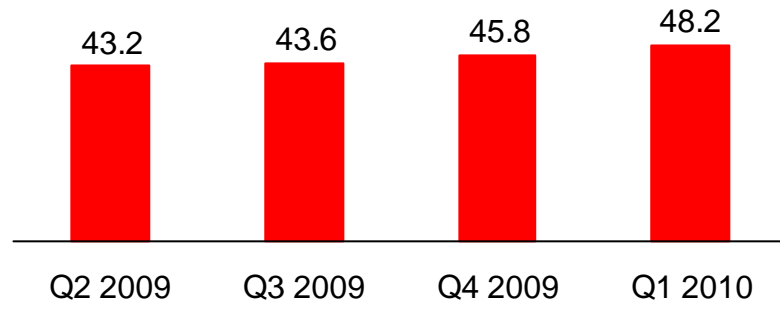
Fee Income Breakdown



Wealth Management

AUM

NT\$bn

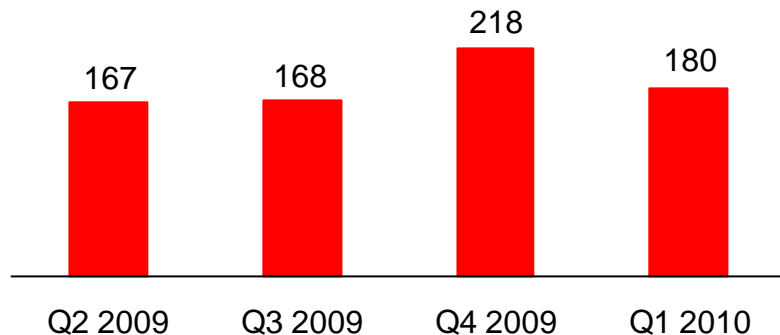


Wealth Management Center



WM Fee Income

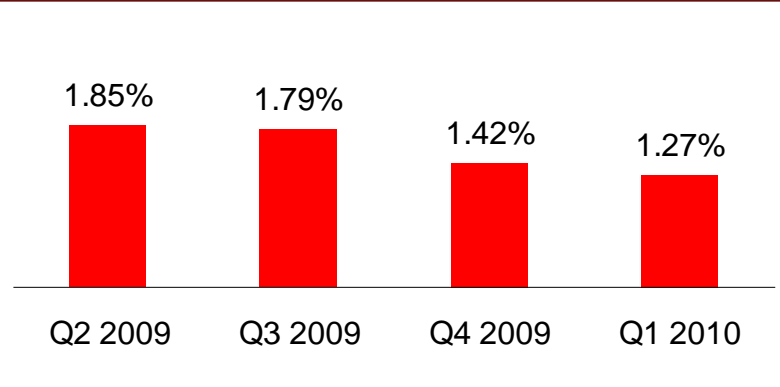
NT\$m



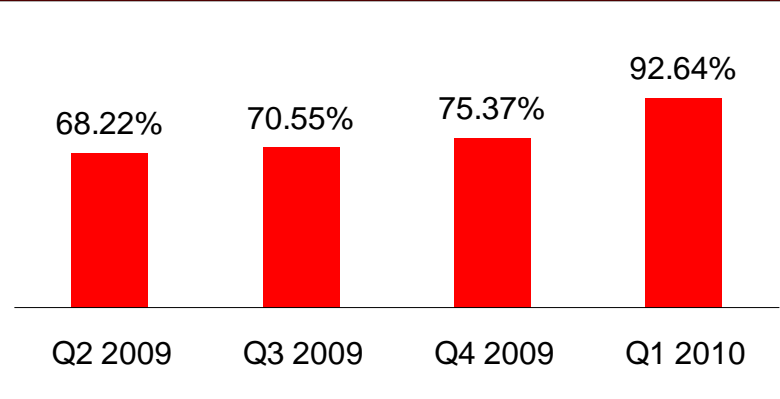
- Fee income from wealth management has increased since Q2 2009 due to recovery in global markets
- Fee income from wealth management for Q1 2010 was NT\$180 million (up 50.0% year-on-year) and accounted for 31.0% of total fee income
- Sales focuses were on mutual funds, insurance, and foreign securities in Q1 2010. As global markets stabilize, sales of mutual funds are expected to grow in 2010

Asset Quality

NPL Ratio



Coverage Ratio

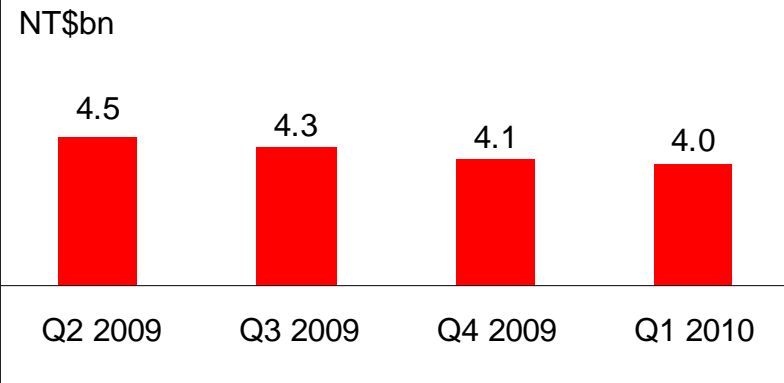


Comments

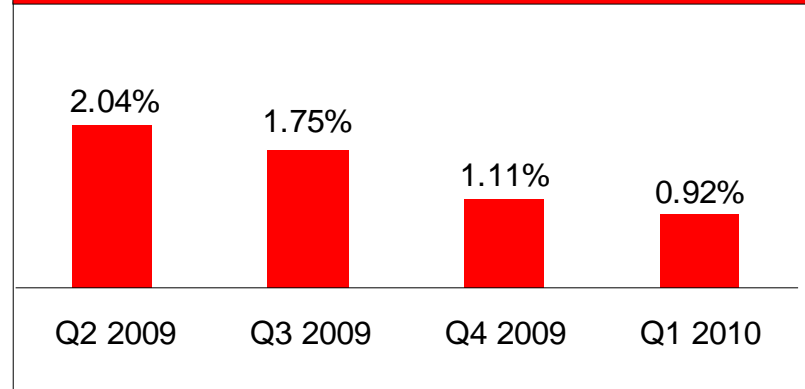
- Asset quality continued to improve with overall NPL at 1.27%
- NPL ratio for mortgages was low at 0.58%
- Coverage was 92.64% - significantly improved compared to Q4 last year
- 11,235 cases (amounting to NT\$924million) were filed since implementation of the Consumer Debt Clearance Regulations till the end of Q1 2010. Overall situation expected to be manageable. Monthly repayment rate of restructured loans remained stable; cumulative repayment rate was 52.33%
- As of the end of Q1 2010, loan balances on DRAM and TFT-LCD industries were NT\$4.17bn and NT\$0.78bn respectively, accounting for 1.4% and 0.3% of total loans. Exposures were limited

Credit Cards Metrics

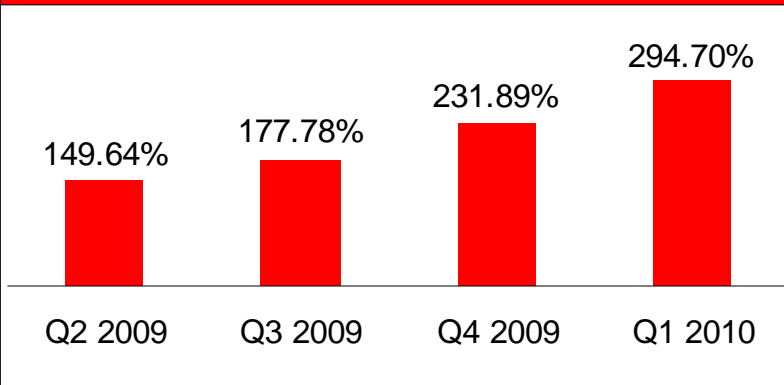
Revolving Balance



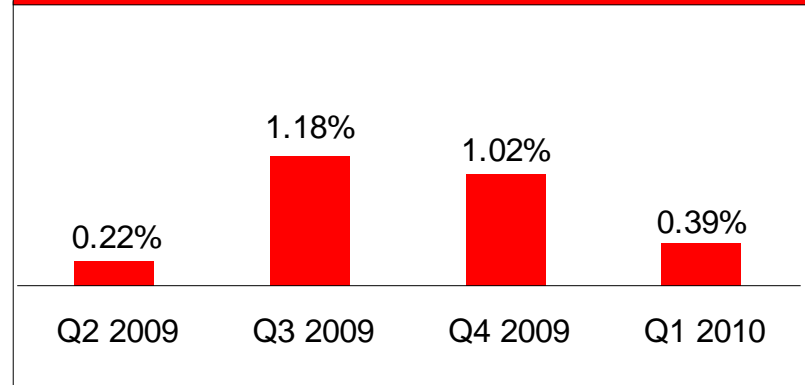
90-day NPL



Coverage Ratio (1)



Charge-off Ratio (2)



Note:

- (1) Actual reserves / NPL
- (2) Unannualized numbers

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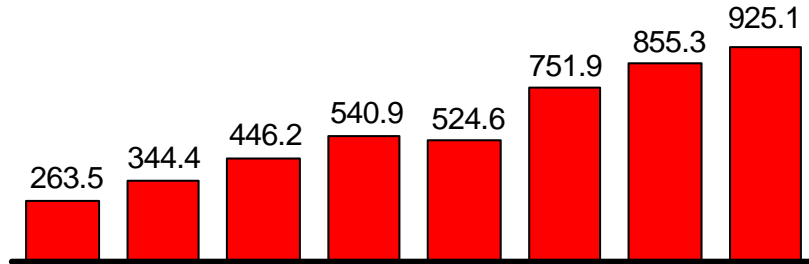
- **Market opportunities**
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Insurance opportunity:

High growth driven by new products and channels

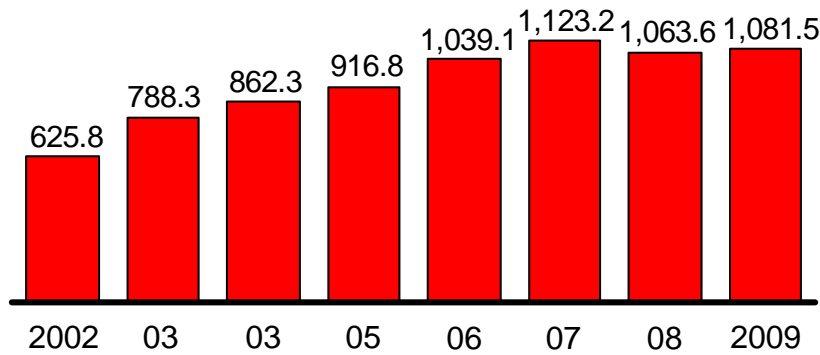
Life FYP
NT\$bn



Growth
Percent

Year	Growth Percent
2002	49.5
2003	30.7
2004	29.6
2005	21.2
2006	-3.0
2007	43.3
2008	13.8
2009	8.2

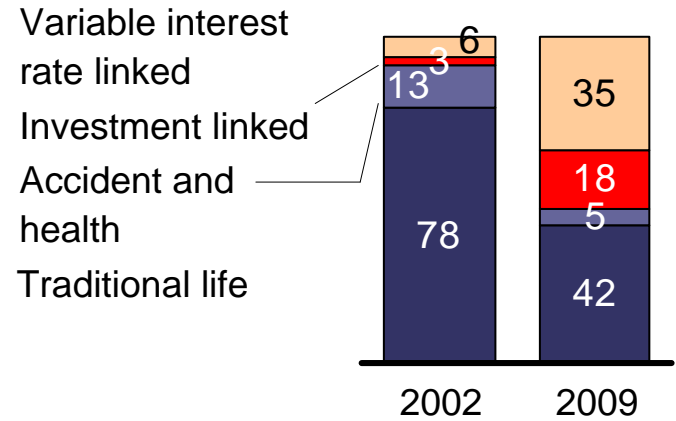
Life renewal premium
NT\$bn



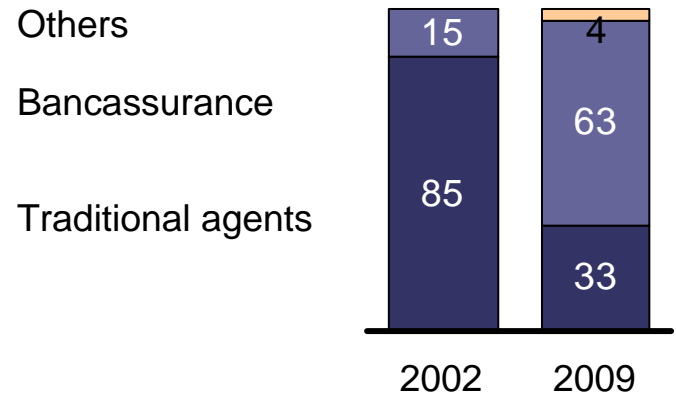
Growth
Percent

Year	Growth Percent
2002	13.2
2003	26.0
2004	9.4
2005	6.3
2006	13.3
2007	8.1
2008	-5.3
2009	1.7

New business breakdown
Percentage



New business channel mix
Percentage

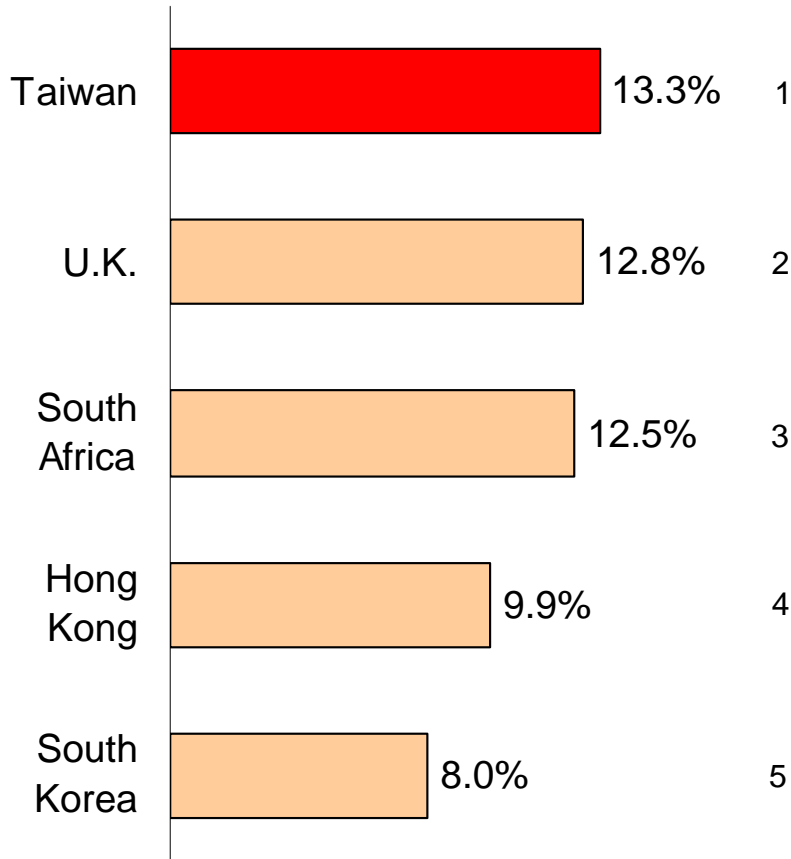


Insurance opportunity:

High penetration but low density

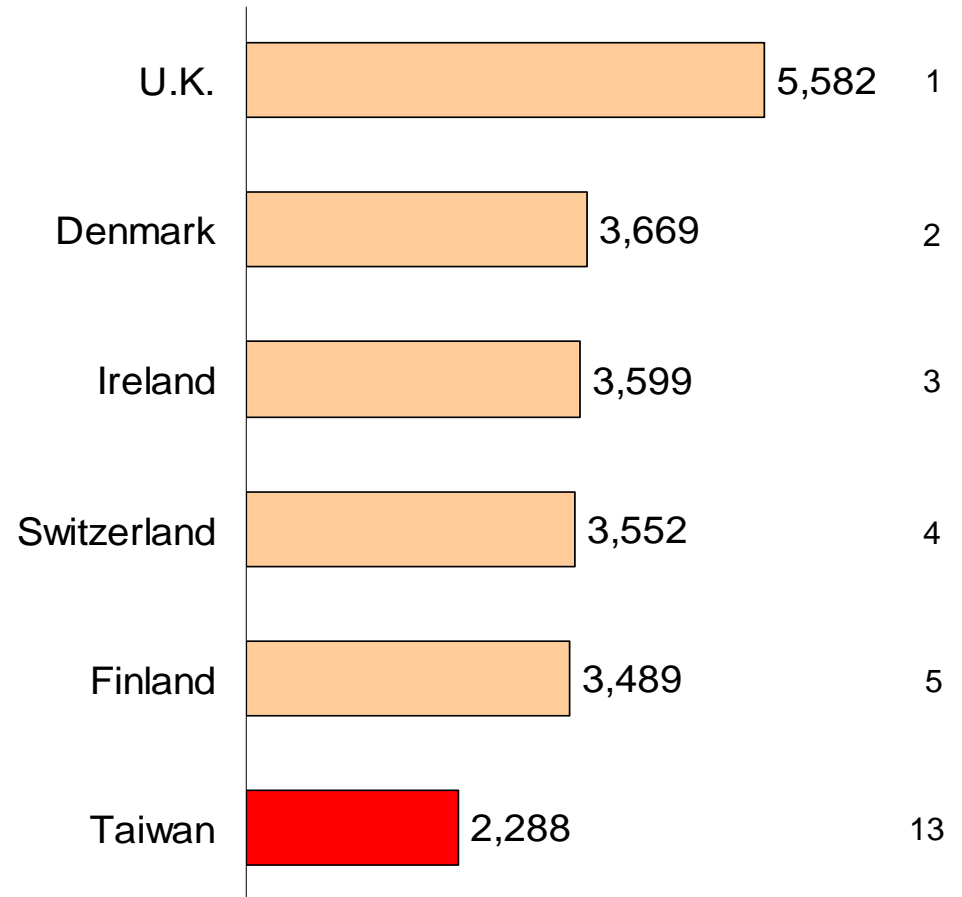
Life premiums/GDP, %

Rank



Life insurance expense per capita, US\$

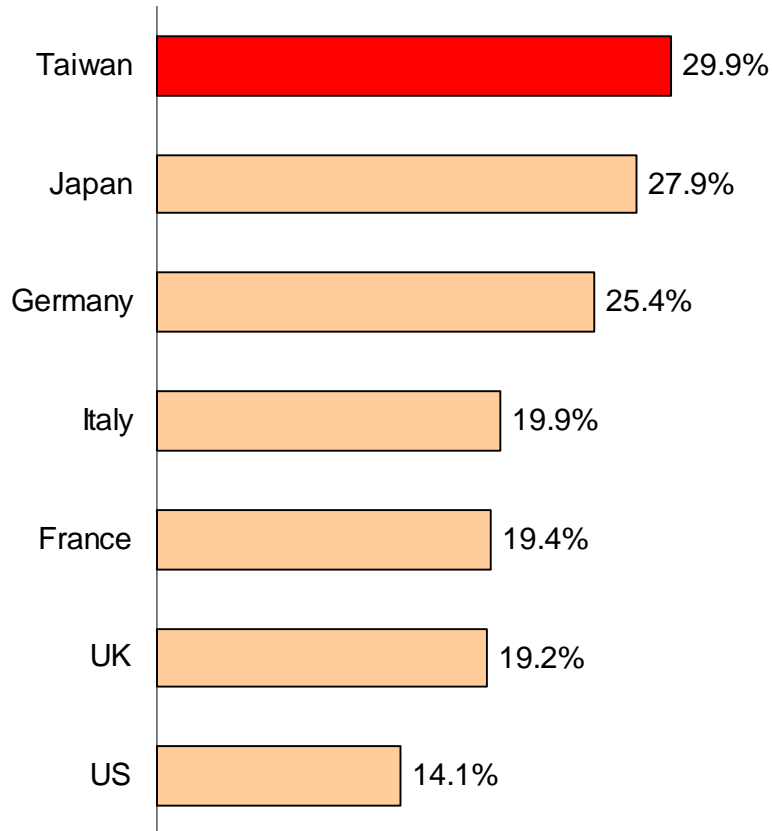
Rank



Wealth management opportunity:

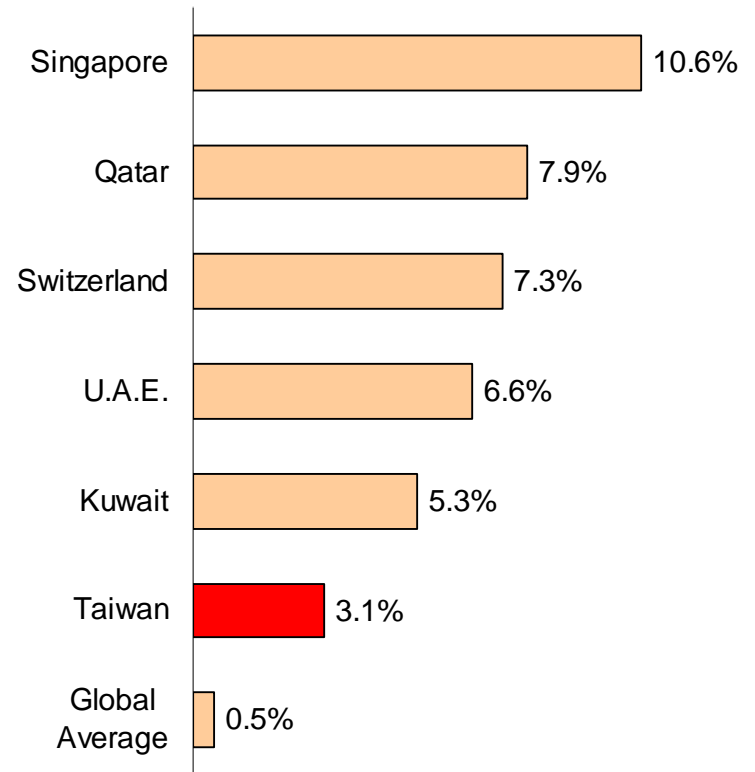
High savings rate and wealth concentration

Savings rate (1)



Concentration of wealth (2)

Millionaire households as a percentage of total households



Source:

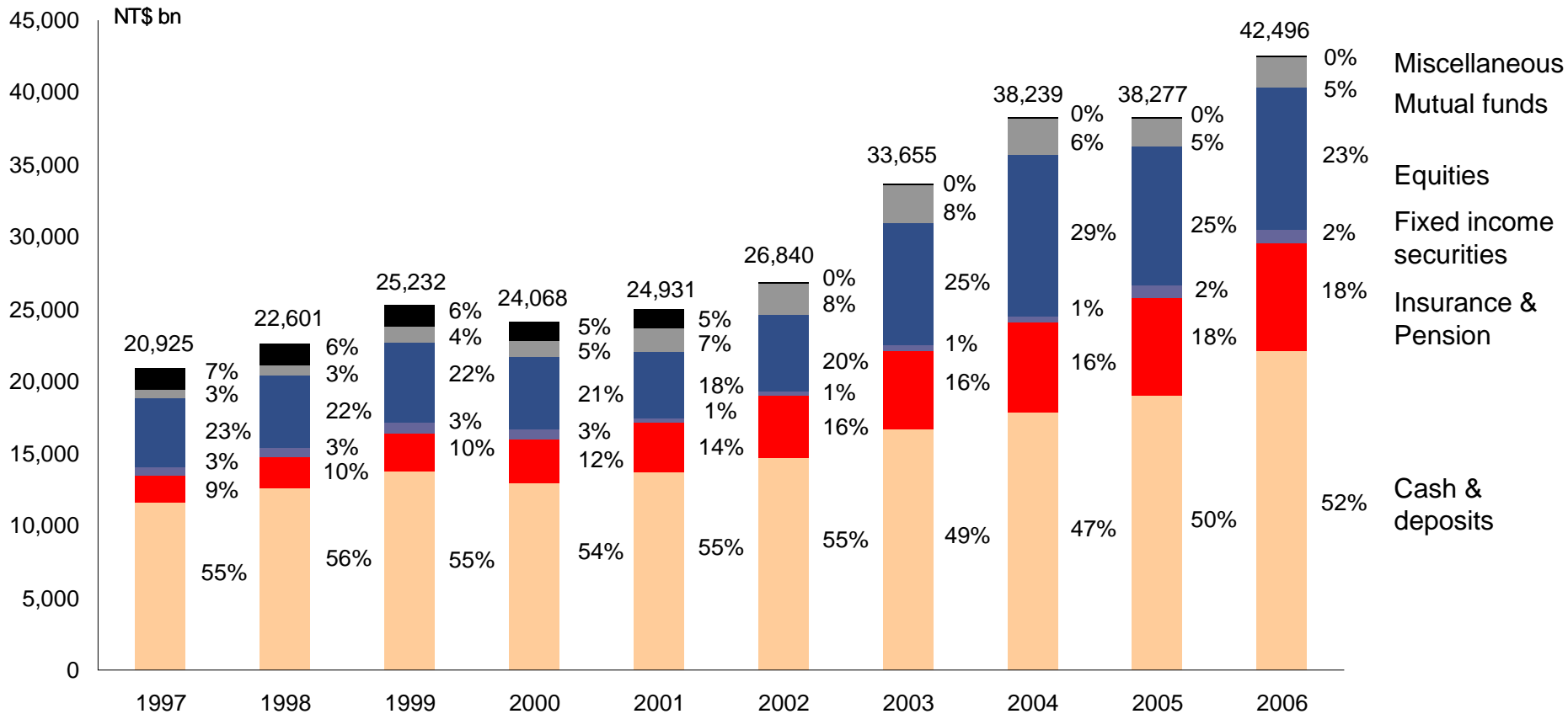
(1) National Statistics, Taiwan; BEA (USA), International Financial Statistics (IMF), Monthly Statistics of Japan, 2007

(2) BCG global wealth market-sizing database, 2008

Wealth management opportunity:

Asset migration away from deposits

Taiwanese household assets (NT\$bn, Percent)



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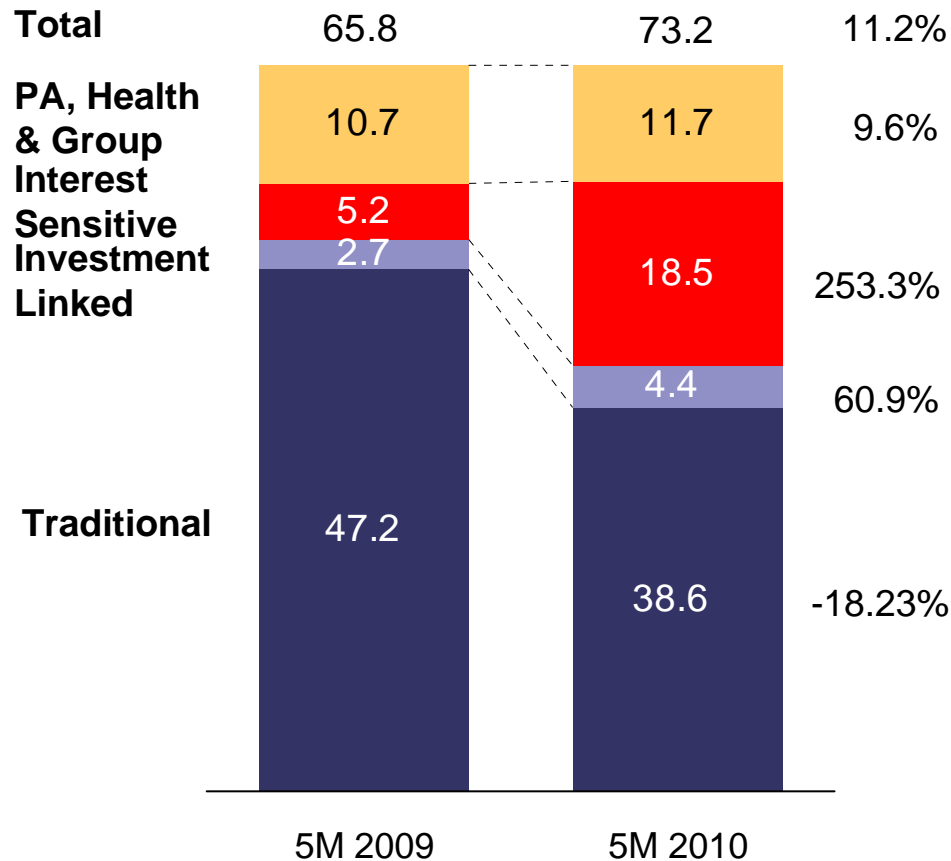
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Total Premium – 5M 2010

NT\$bn

Market Share = 7.7%

Growth



Comments

- Total premium grew 11.2% YoY
- Traditional and related policies accounted for 52.7% of total premiums; sales declined due to change in product focus from single premium products in Q1 2009 to protection products in 2010
- Total premium for all other product classes (PA, Health & Group, Investment Linked, and Interest Sensitive) grew

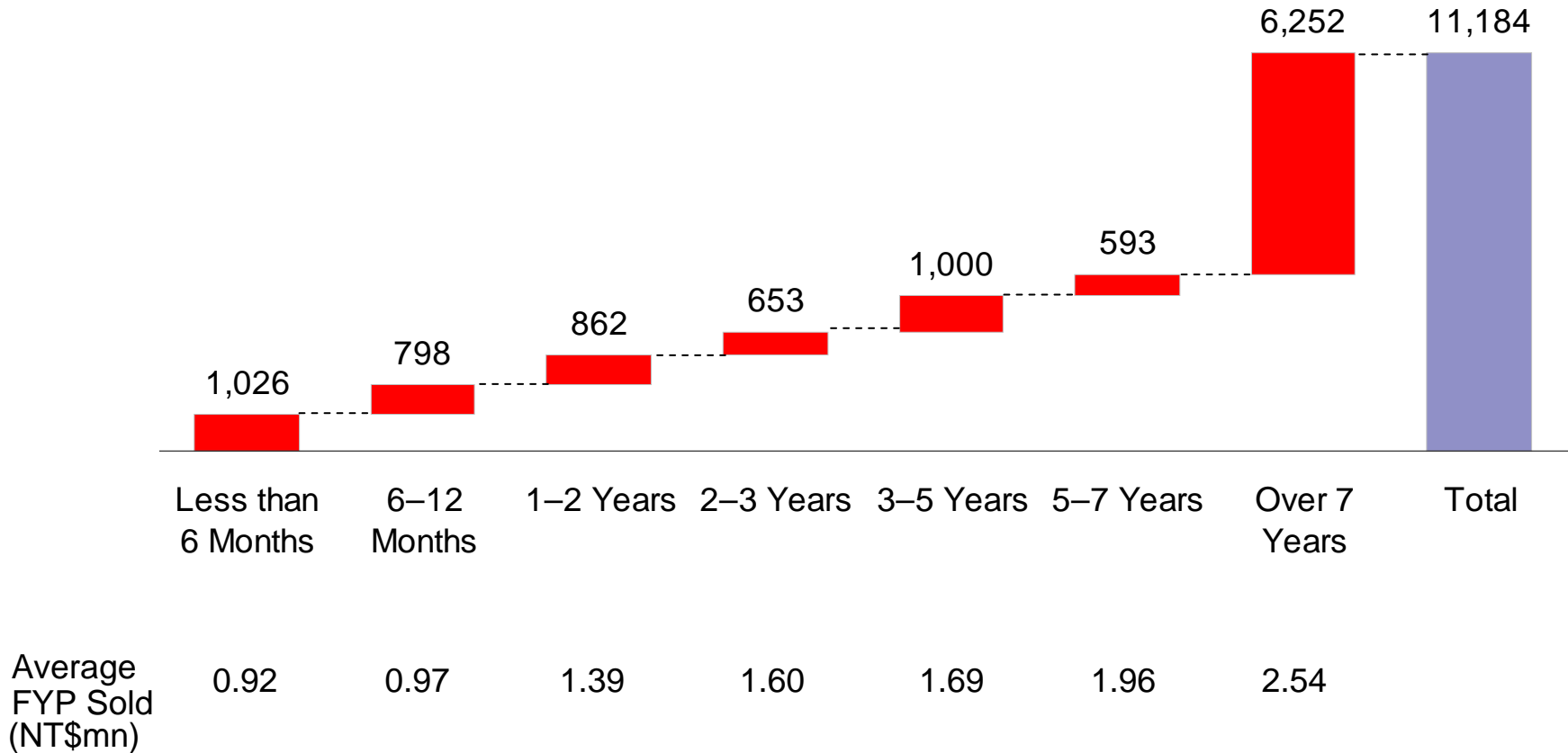
SP / RP Breakdown

NT\$bn

5M 2010 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	4.82	1.93		6.76
Investment-linked				
VUL			1.52	1.52
Structured note				0.00
Interest Sensitive				
Annuity	18.47		0.04	18.51
Life				0.00
PA, health and others		1.84		1.84
Total	23.29	3.77	1.56	28.63

Agent Number and Productivity by Tenure

2009



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Summary of CDO/CBO Losses

Reflected in Income Statement

Impairment Loss Recognized (NT\$bn)	2007	1H 2008	2H 2008	1H 2009	2H 2009	1Q 2010	Total
ABS CDOs	1.88	3.20	0.74	1.75	0.09	0.64	8.29
CBOs	1.03	1.37	-	-	0.71	-	3.10
CMBS CDOs	-	0.13	-	0.97	-	-	1.10
Corporate CDOs	-	-	1.40	0.09	-	0.29	1.78
Total	2.91	4.70	2.14	2.81	0.80	0.93	14.28

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SKL - EV & AV Results

Unit : NT\$bn

	2008.12	2009.12	YoY growth
Adjusted NAV	70.2	97.7	39.2%
VIF	37.5	43.7	16.5%
COC	27.0	31.3	16.0%
EV	80.7	110.1	36.4%
EV / per share (SKL / SKFH)	19.3 / 12.9	22.1 / 14.0	-
V1NB	10.7	13.1	22.2%
AV – 5 years NB	117.9	158.4	34.4%
5-year AV / per share (SKL / SKFH)	28.2 / 18.9	31.8 / 20.1	-
AV – 20 years NB	161.0	220.7	37.1%
20-year AV / per share (SKL / SKFH)	38.5 / 25.8	44.3 / 28.0	-

Note:

(1) Based on SKFH's outstanding shares of 7.87bn as of the end of 2009

SKL - Estimate of Embedded/ Appraisal Value

Unit: NT\$bn Valn Date: 31 Dec, 09 Solvency Basis: 200% RBC			Base Case Scenario		
	All else equal except		Inv Return 3.64% ~ 5.37% (Interest Sensitive Business 3.00% ~ 5.09%) RDR 9.5%	All else equal except	
	Inv Return -0.25%	Inv Return +0.25%		RDR - 1.0%	RDR + 1.0%
Net Worth	97.7	97.7	97.7	97.7	97.7
VIF	10.2	77.0	43.7	54.4	35.3
Cost of Capital (COC)	33.6	29.2	31.3	28.5	33.6
EV after COC	74.3	145.5	110.1	123.6	99.5
V1NB after COC	12.0	14.2	13.1	14.9	11.6
AV (5 years NB)	118.6	197.8	158.4	180.2	140.9
AV (20 years NB)	175.7	265.3	220.7	259.6	190.1

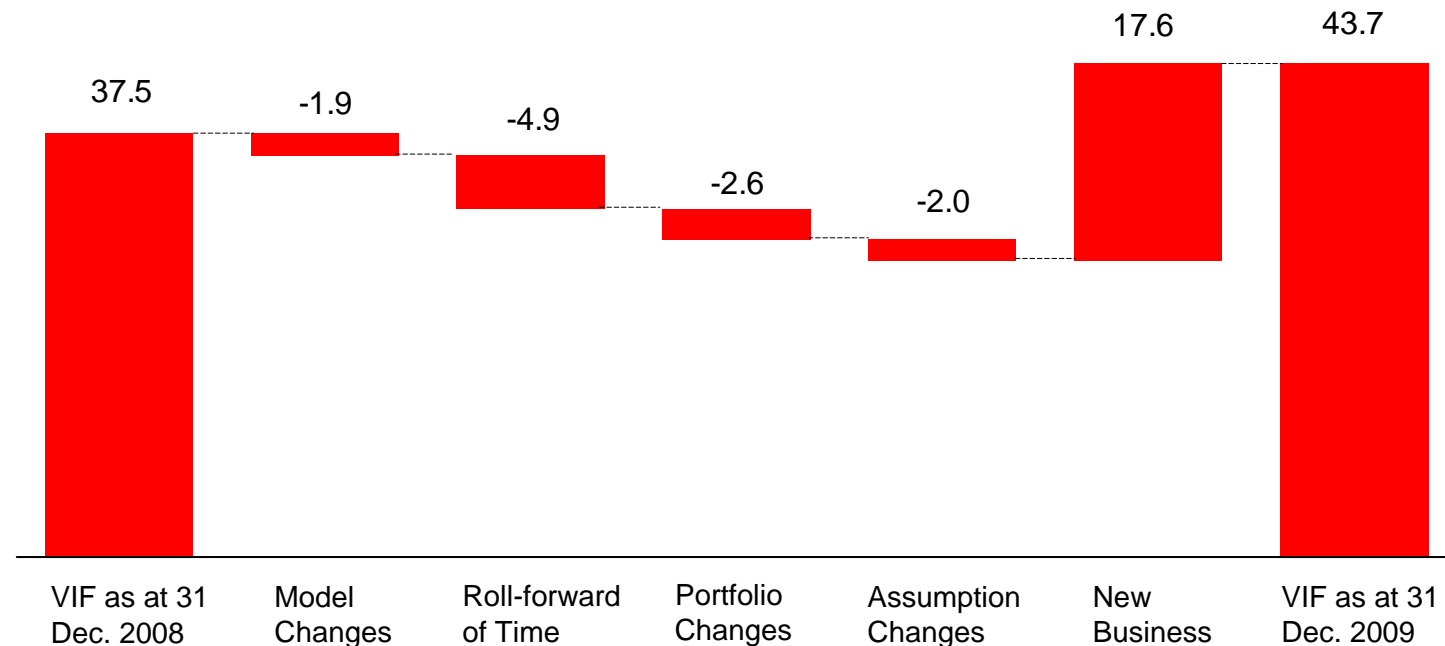
Note:

(1) Figures may not add up exactly due to rounding.

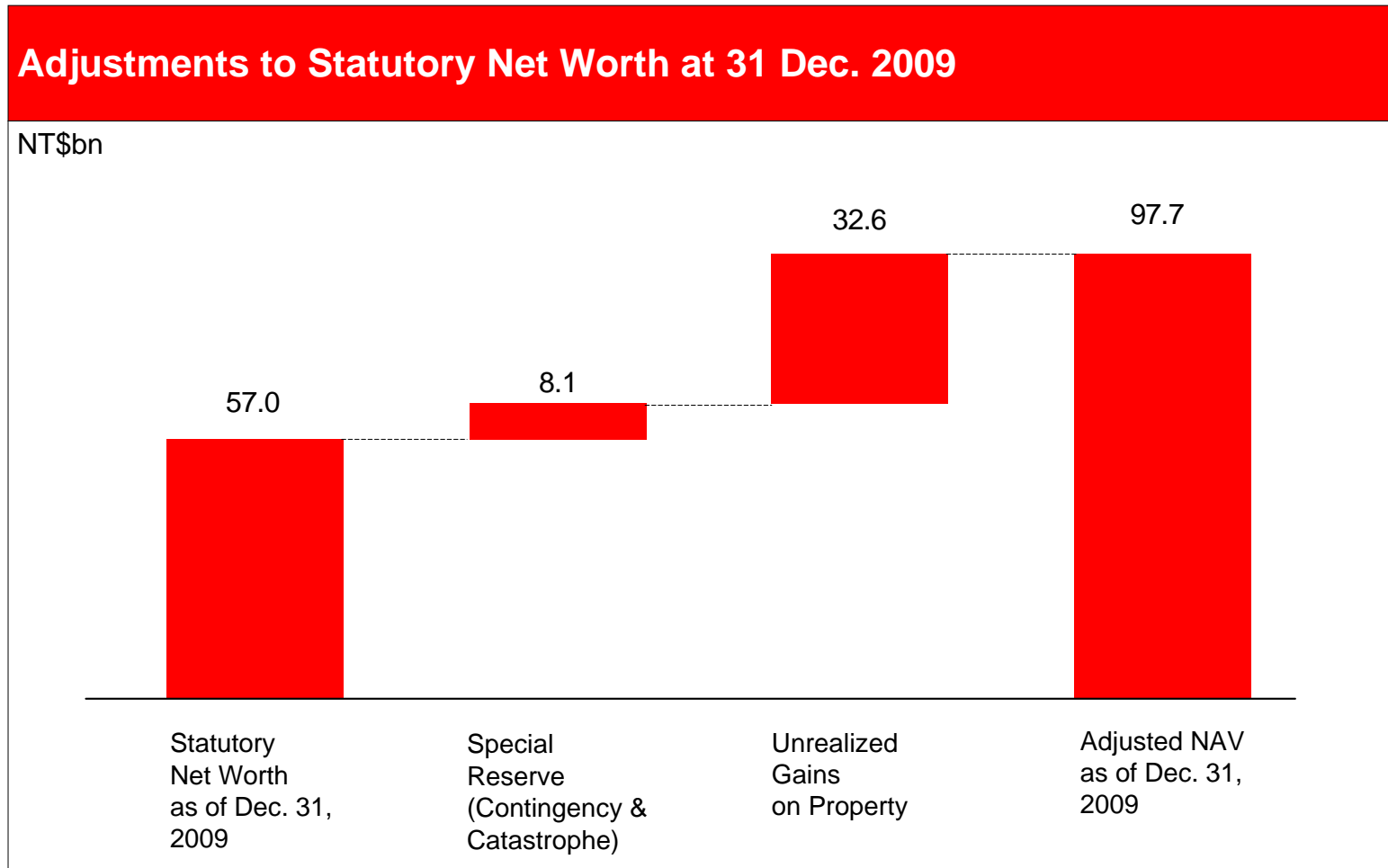
SKL – Analysis of Change in VIF

Changes between 31 Dec. 2008 and 31 Dec. 2009 broken down by components

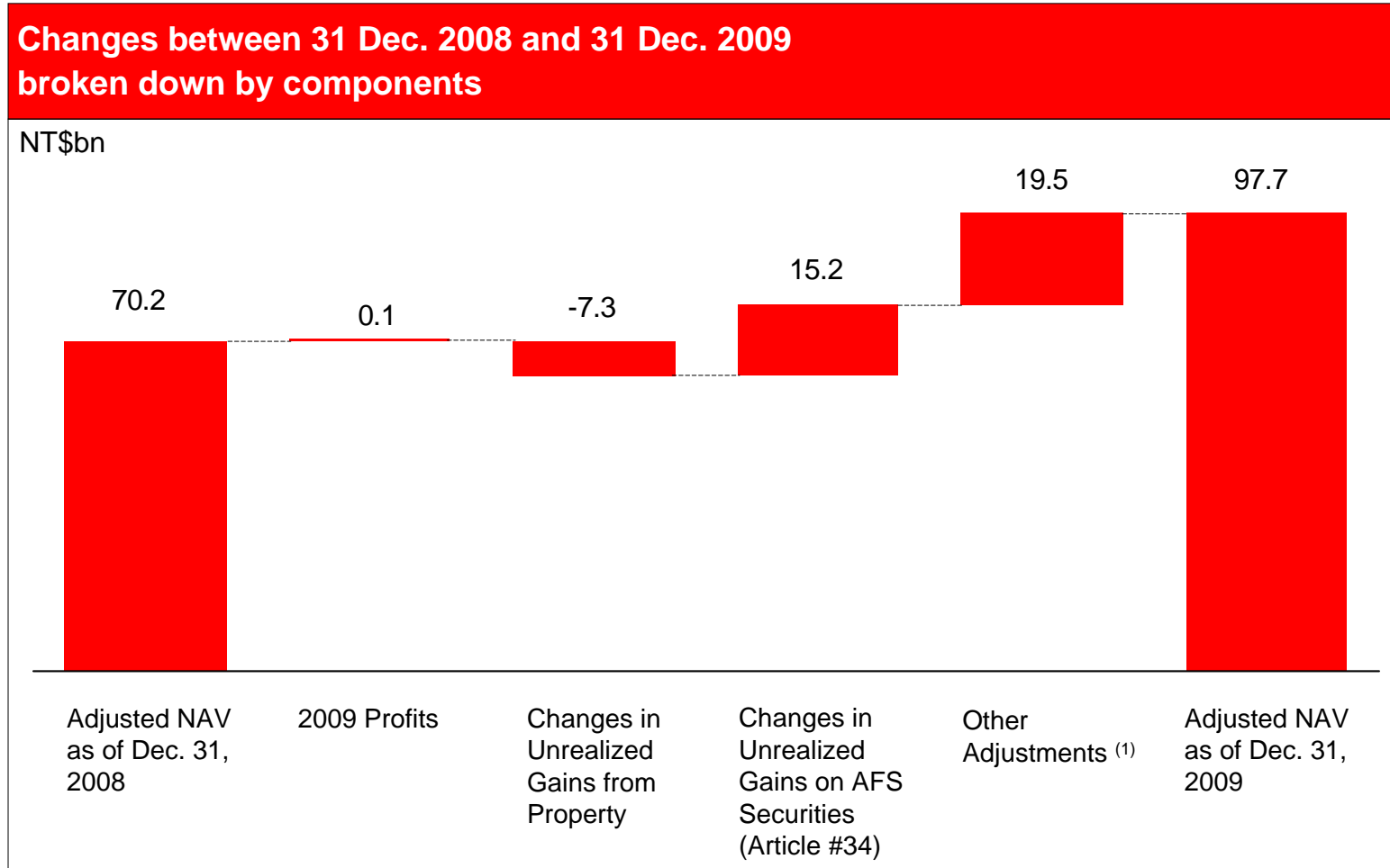
NT\$bn



SKL – Adjusted NAV



SKL - Analysis of Change in NAV



Note:

(1) Included capital injection, changes in special reserve (contingency & catastrophe), and other items.

(2) Figures may not add up exactly due to rounding.

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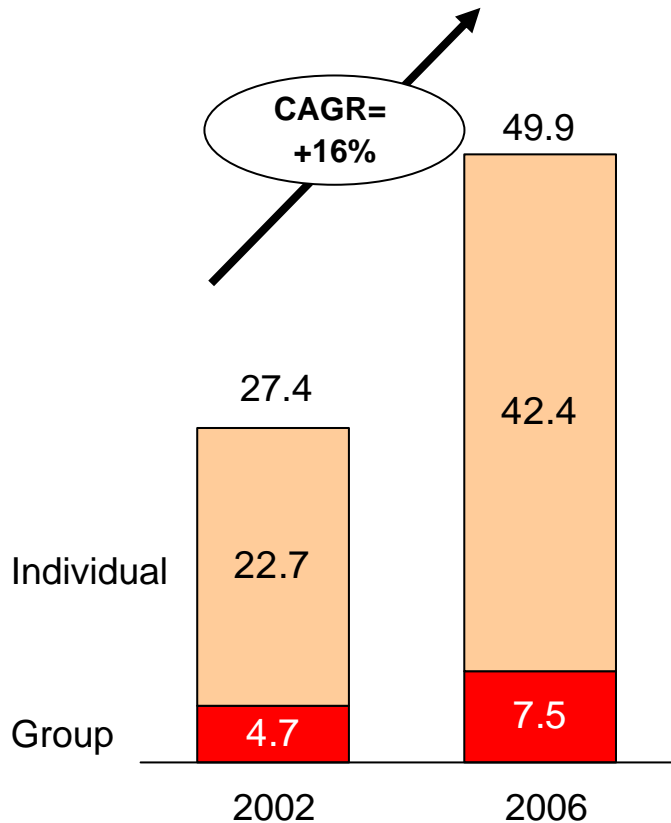
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- Market opportunities
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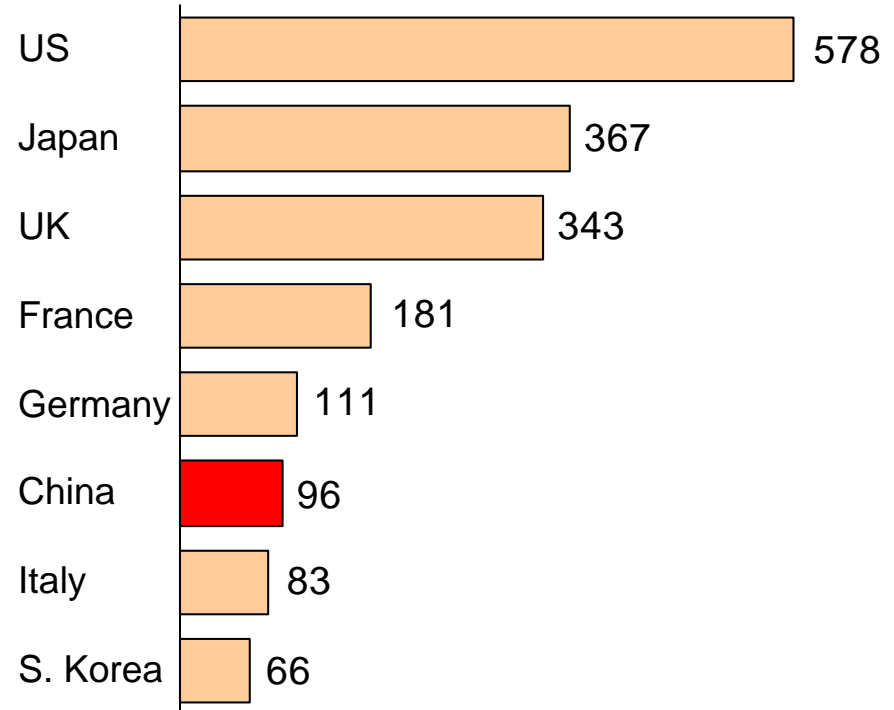
China insurance market is growing rapidly and ranked number 6 in the world

US\$bn

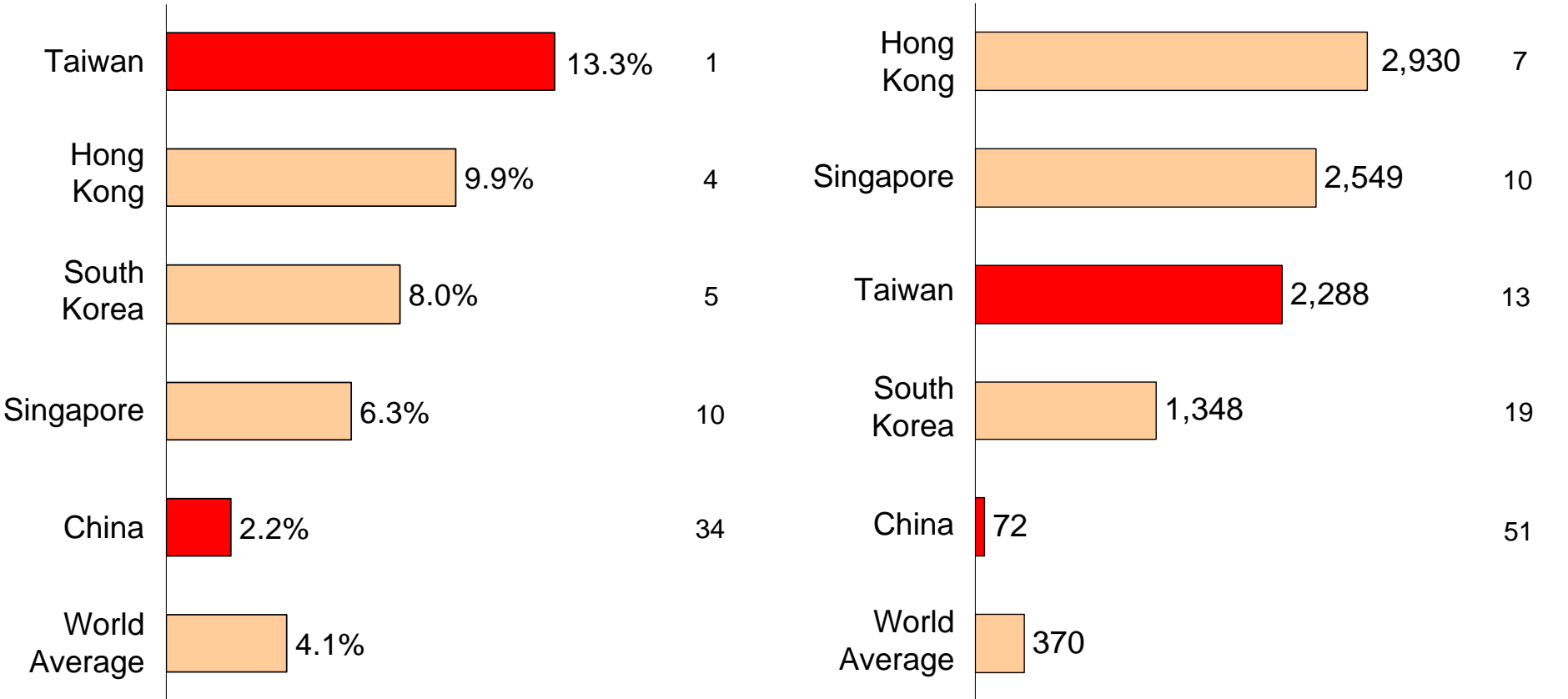
Total life premium



Total life premium 2008

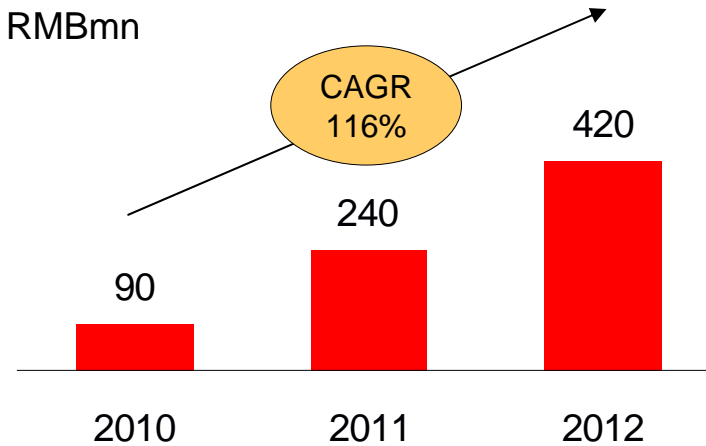


Low Penetration and Density

Premium/GDP, %
Rank
Premium per capita, US\$
Rank


Shin Kong - HNA Life Started Operation

3 Year Total Premium Target
RMBmn



SKHNA Life Started Operation in April 2009

- Focus on agency and bancassurance channels:
 - Around 80 agents as of Dec. 2009
 - Signed bancassurance agreements with Shanghai Pudong Development Bank, ICBC, and others to kick-start the bancassurance channel
- Target to establish one new branch per year:
 - Cities with direct flights to Taiwan are prioritized
 - Cities with airports managed by HNA will provide additional advantage
 - In May 2010, SKHNA Life obtained approval from the China Insurance Regulatory Commission to establish a Hainan branch in Haikou
- Leverage tourism to Taiwan and Shin Kong Group's medical/entertainment resources

Joint Venture Partner – HNA Group



- Hainan Airlines Group (HNA Group) is one of China's top-four aviation consortiums. In addition to its core Hainan airlines business, the group is involved in China Xinhua Airlines, Changan Airlines, and Shanxi Airlines
- Total assets of about RMB 60 billion yuan (approx. NT\$250 billion)
- Hainan Airlines' B shares were listed in the Shanghai Stock Exchange in 1997, while its A shares were listed in 1999
- Total employees of 30,000 in HNA Group
- Group headquarters is in Haikou and Beijing will be the future operation center
- HNA Group brings together air transport, airport management, hotel, travel, retail and other related businesses, with operations in Hainan, Beijing, Shanghai, Guangzhou, Xian, and Tianjin

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SKL - Real Estate Securitization

- **Create recurring management fees**
- **Obtain special tax treatment**
- **Unlock value in balance sheet**
- **Ensure earnings stability**

	CMBS#1	CMBS#2	REIT#1	CMBS#3
Issue Date	01/10/05	06/22/05	12/26/05	02/08/07
Total Size	\$2.8 bn	\$3.1 bn	\$11.3 bn	\$1.4 bn
Retention	56% ⁽¹⁾	46% ⁽¹⁾	20%	40% ⁽¹⁾
Underlying Asset(s)	1 Office Building	1 Office Building	3 Office Buildings ⁽³⁾ , 1 Department Store, 1 Service Apartment Complex	3 Office Buildings
Type	Debt Financing at 2.85% ⁽²⁾	Debt Financing at 2.69% ⁽²⁾	Equity Financing	Debt Financing at 2.25% ⁽²⁾
Term	5yr	7yr	N/A	5yr
Capital Gain	\$0.79 bn	\$0.73 bn	\$3.6+0.7 bn ⁽³⁾⁽⁴⁾	0.57bn ⁽⁵⁾

- Notes:
- (1) Retained equity tranches of CMBS deals, therefore effectively maintain economic ownership and capital appreciation potential of the properties
 - (2) Weighted average cost
 - (3) One building was purchased by REIT#1 from SKL with a capital gain of NT\$0.7bn (Q4 2007)
 - (4) NT\$3.6bn gains booked in January 2006
 - (5) To be recognized over four years

SKSC Merger Transaction Summary

NT\$bn		Price/ sale value	Book value as of Jun. 30, 2009
Assets to be acquired by MasterLink	Brokerage/ stock affairs business including equipments	0.32	4.95
	Operational real estate	0.11	
	No-active market stock investments	0.19 ⁽¹⁾	
Other assets to be sold		4.40 ⁽¹⁾	
Total capital released from SKSC		5.02 ⁽¹⁾	
Use of fund		Capital injection to SKL	
SKFH's holding in MasterLink		25%	

Note:

(1) Estimation as of end of June 2009. Price to be confirmed.

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